



PPC

Five-Minute Tax Briefing[®]
September 28, 2021
No. 2021-18

Highlights

Tax Relief for Victims of Hurricane Ida in Mississippi: The IRS has provided tax relief for individuals and households affected by Hurricane Ida in all 82 Mississippi counties and the Mississippi Choctaw Indian Reservation. The relief postpones various tax filing and payment deadlines that occurred beginning on 8/28/21. Affected individuals and businesses now have until 11/1/21 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) quarterly estimated income tax payments due on 9/15/21; (3) calendar-year partnerships and S corporations due on 9/15/21; and (4) calendar-year corporations due on 10/15/21. In addition, penalties on payroll and excise tax deposits due on or after 8/28/21 and before 9/13/21 will be abated, as long as the deposits were made by 9/13/21. News Release IR-2021-180.

Tax Relief for Victims of Hurricane Ida in New York and New Jersey: The IRS has provided tax relief for those affected by Hurricane Ida in parts of New York and New Jersey. In New York, this currently includes Bronx, Kings, New York, Queens, Richmond, and Westchester counties, and in New Jersey, it includes Bergen, Gloucester, Hunterdon, Middlesex, Passaic, and Somerset counties. The relief postpones various tax filing and payment deadlines that occurred beginning on 9/1/21. 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 (calendar-year partnerships, S corporations, and C Corporations) with valid extensions (individual 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 9/1/21 and before 9/16/21 will be abated, as long as the deposits were made by 9/16/21. News Release IR-2021-179 .

Tax Relief for Victims of Hurricane Ida in Pennsylvania: The IRS has provided tax relief for those affected by Hurricane Ida in parts of Pennsylvania. This currently includes Bucks, Chester, Delaware, Montgomery, Philadelphia, and York counties. The relief postpones various tax filing and payment deadlines that occurred beginning on 8/31/21. 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 (calendar-year partnerships, S corporations, and C corporations) with valid extensions (individual 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 8/31/21 and before 9/15/21 will be abated, as long as the deposits were made by 9/15/21. News Release IR-2021-183.

Tax Relief for Victims of Tropical Storm Fred in North Carolina: The IRS has provided tax relief for individuals and households affected by the remnants of Tropical Storm Fred in North Carolina. This currently includes Avery, Buncombe, Haywood, Madison, Transylvania, Watauga, and Yancey counties. The relief postpones various tax filing and payment deadlines that occurred beginning on 8/16/21. Affected individuals and businesses now have until 12/15/21 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) quarterly estimated income tax payments due on 9/15/21; (3) calendar-year partnerships and S corporations due on 9/15/21; and (4) calendar-year corporations due on 10/15/21. In addition, penalties on payroll and excise tax deposits due on or after 8/16/21 and before 8/31/21 will be abated, as long as the deposits were made by 8/31/21. News Release NC-2021-01.

Other Current Releases

Applicable Federal Rates for October: The Section 7520 rate for October 2021 is 1.0%, while the Applicable Federal Rates (AFRs) are as follows (Rev. Rul. 2021-18):

	Annual	Semiannual	Quarterly	Monthly
Short-term (≤ 3 years)	0.18%	0.18%	0.18%	0.18%
Mid-term (> 3 years but ≤ 9 years)	0.91%	0.91%	0.91%	0.91%
Long-term (> 9 years)	1.74%	1.73%	1.73%	1.72%

Employee Benefits—Proposed Changes to Form 5500 Series for Employee Benefit Plan Annual Reporting: The U.S. Department of Labor (DOL), the Internal Revenue Service (IRS), and

the Pension Benefit Guaranty Corporation (PBGC) (together "Agencies") jointly announced a tri-agency notice of proposed forms revisions to the Form 5500 Annual Return/Report forms filed for employee pension and welfare benefit plans. The proposals are intended to implement changes to the Form 5500 annual reporting under the Setting Every Community Up for Retirement Enhancement Act of 2019 (SECURE Act). The Agencies are also proposing certain additional changes to improve reporting on single-employer and multiemployer defined benefit pension plan funding, enhance Form 5500 financial reporting and make the data collected more usable, improve tax compliance reporting, and improve reporting of participating employer information by Multiple Employer Welfare Arrangements (MEWAs). More information can be found at www.dol.gov/sites/dolgov/files/EBSA/about-ebsa/our-activities/resource-center/fact-sheets/secure-act-and-related-revisions-to-employee-benefit-plan-annual-reporting-on-the-form-5500.pdf .

Foreign Reporting—Effectively Connected Net Investment Income for Foreign Insurance

Companies: The IRS released domestic asset/liability percentages and domestic investment yields needed by foreign insurance companies to compute their minimum effectively connected net investment income under IRC Sec. 842(b) for tax years beginning after 12/31/19. The domestic asset/liability percentages for 2020 are 130.9% for foreign life insurance companies and 217.3% for foreign property and liability insurance companies. The domestic investment yields for 2020 are 3.3% for foreign life insurance companies and 2.6% for foreign property and liability insurance companies. Estimated tax payments are calculated by adding to income (other than net investment income) the greater of actual effectively connected net investment income for the relevant period, or the minimum effectively connected net investment income using the most recently provided domestic asset/liability percentage and domestic investment yield. Rev. Proc. 2021-41 .

Foreign Reporting—Interim Guidance for TEFRA Partnership Examinations with

Transaction Tax: In a memo to its examiners, the IRS has provided interim guidance on the special statute of limitations rules that pertain to The Tax Equity and Fiscal Responsibility Act of 1982 (TEFRA) partnership examinations with an identified transition tax issue. IRC Sec. 965 requires U.S. shareholders to pay a transition tax on the untaxed foreign earnings of certain specified foreign corporations as if those earnings had been repatriated to the U.S. Instead of the regular three-year statute of limitations on assessment found in IRC Sec. 6501(a), IRC Sec. 965(k) provides a six-year limitation period on assessment of the transition tax. The interim guidance permits field examiners to allow the three-year statute of limitations under IRC Sec. 6501(a) to expire on partner/shareholder returns where IRC Sec. 965(k) provides for a six-year statute of limitations on the assessment of the net transition tax liability. For more information, see www.irs.gov/pub/foia/ig/lmsb/lbi-04-0821-0010.pdf .

Income Tax—Treatment of Distributions of Property from a Corporation to a

Shareholder: The IRS has issued final regulations (T.D. 9954) updating the existing regulations under IRC Sec. 301, to reflect the statutory changes made by the Technical and Miscellaneous Revenue Act of 1988. These changes provide that the amount of a distribution of property made by a corporation to its shareholder is the fair market value of the distributed property. Proposed

regulations (REG-121694-16), published in March 2019, were limited to (1) deleting provisions made obsolete by statutory changes; (2) making minor additions and revisions to reflect current statutory text; and (3) making nonsubstantive changes for purposes of clarity and readability, including reordering and redesignating paragraphs of the current regulations. The final regulations adopt the 2019 proposed regulations with no substantive changes and certain nonsubstantive changes for purposes of clarity and readability. Reg. 1.301-1.

IRS—Draft Form 3800 Released: The IRS has issued a draft of Form 3800 (General Business Credit) for use for tax year 2021. The draft has three changes from the 2020 form. The draft of line 7 of Part II, Allowable Credit, with regards to estates and trusts, now reads, "Enter the sum of the amounts from Form 1041, Schedule G , lines 1a and 1b, plus any Form 8978 amount included on line 1d; or the amount from the applicable line of your return." The draft of line 1d of Part III, General Business Credits or Eligible Small Business Credits, now reads, "Low-income housing (carryforward only) (see instructions)." And the draft of line 1t of Part III now reads, "Enhanced oil recovery credit." For a copy of the draft form, go to www.irs.gov/pub/irs-dft/f3800--dft.pdf .

IRS—Fresno, California Return Processing Center Closes: The IRS will close its paper return processing center in Fresno, California, permanently at the end of September this year. This closure is part of a larger, ongoing efficiency strategy as most taxpayers now file electronically. The number of individual returns taxpayers filed electronically has grown from 90 million in 2008 to over 145 million in 2020, which is more than 90% of all returns filed. The IRS expects this trend to continue for both individual and nonindividual returns. Taxpayers located in Alaska, California, Hawaii, Ohio, and Washington state who previously filed their federal tax returns with Fresno should now mail their returns to the Ogden, Utah, processing center. The IRS will maintain a presence in Fresno with many other operations still working at full capacity. This planned consolidation, however, allows IRS to streamline operations and make better use of existing space. News Release IR-2021-185.

Retirement Plans—Surviving Spouse Receives Favorable Ruling on Proposed Rollover of Roth IRA: A surviving spouse requested a ruling on the proposed rollover of a Roth IRA distribution into one or more Roth IRAs in her sole name after the passing of her spouse. At the time of his death, the decedent maintained a Roth IRA with a trust as the sole beneficiary. The surviving spouse was the sole beneficiary of that Trust. The IRS determined that the surviving spouse is eligible to roll over the Roth IRA distribution into one or more Roth IRAs established and maintained in her own name. Provided that the rollover is timely, the surviving spouse will not be required to include the distribution in gross income for federal income tax purposes. Also, in the year following the year of the rollover the surviving spouse will not be required to take required minimum distributions from her Roth IRA during her lifetime. PLR 202136004 .

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