

June 7, 2022-No. 2022-11

PPC's Five-Minute Tax Briefing



## PREVIEW ISSUE - No. 2022-11

# PPC

## Five-Minute Tax Briefing<sup>®</sup> June 07, 2022 No. 2022-11

**Item for Tuesday, May 31, 2022**

**IRS Releases 2021 Data Book:** The IRS has released its 2021 Data Book which summarizes agency activity for fiscal-year 2021 (10/1/20-9/30/21). During Fiscal Year (FY) 2021, IRS employees processed more than 261 million tax returns and other forms, including 167.9 million individual income tax returns, an increase of 6.8% from FY 2020. Electronically filed individual returns accounted for 90% (151.1 million) of these. More than 12.2 million business returns were filed, an increase of 7.7% over the prior year. Knowing the difficulties of providing immediate assistance in person or on the phone to many customers, the IRS educated taxpayers about tools and guidance available at IRS.gov . Website usage was nearly two billion site visits in FY 2021, up 24.7% from last year's numbers. The IRS had close to 632.4 million inquiries on the "*Where's My Refund?*" online tool. An electronic version of the Data Book can be found at [www.irs.gov/pub/irs-pdf/p55b.pdf](http://www.irs.gov/pub/irs-pdf/p55b.pdf) . [News Release IR-2022-111](#) .

**Item for Friday, May 27, 2022**

**Electronic Submission of Form 5300:** Form 5300 (Application for Determination for Employee Benefit Plan) is filed to request a determination letter from the IRS for the initial qualification of a defined benefit or a defined contribution plan and the exempt status of any related trust. Beginning 6/1/22, Form 5300

must be submitted electronically via [www.Pay.gov](http://www.Pay.gov) . The IRS will continue to accept paper versions of Form 5300 through 6/30/22. After Form 5300 is submitted electronically a confirmation e-mail will be received as the acknowledgement notice. The user fee for a Form 5300 submitted on or after 1/3/22 is \$2,700 (or \$4,000 for multiple employer plans) if the plan does not qualify for the zero-dollar user fee in [Notice 2017-1](#) . Applicants must pay the user fee through the Pay.gov website using a bank account, credit card, or debit card. More information can be found at [www.irs.gov/retirement-plans/employee-plans-news](http://www.irs.gov/retirement-plans/employee-plans-news) .

### **Item for Thursday, May 26, 2022**

**Tax Return Processing Status Update:** The IRS has updated information on their "What You Can Expect" section of [www.irs.gov](http://www.irs.gov). As of 5/14/22, the IRS had 9.8 million unprocessed individual returns received before 2022 as well as new tax year 2021 returns. The backlog includes 7.4 million paper returns waiting to be processed and 2.4 million unprocessed individual returns requiring error correction and other special handling. In addition, the IRS had 2.2 million unprocessed Form 1040-X (Amended Individual Tax Return). Filers of amended returns should expect their returns to be processed more slowly than the normal 16 weeks. According to the IRS, they had 3.7 million unprocessed Form 941 (Employer Quarterly Federal Tax Return) and 264,000 unprocessed Form 941-X (Amended Employer Quarterly Federal Tax Return). No estimated timeframe for processing these returns was offered. More information can be found at [www.irs.gov/newsroom/irs-operations-during-covid-19-mission-critical-functions-continue](http://www.irs.gov/newsroom/irs-operations-during-covid-19-mission-critical-functions-continue) .

### **Item for Wednesday, May 25, 2022**

**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 limited to \$2,500 plus an additional amount, based on battery capacity, that cannot exceed \$7,500. The credit phases out over four 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 the credit: the 2023 Hyundai Genesis GV60, the 2023 Jaguar IPace (HSE), the 2023 Land Rover Range Rover SE PHEV, the 2023 Land Rover Range Rover Sport Autobiography PHEV, the 2023 MINI Cooper S E Hardtop, and the 2023 Subaru Solterra. For a full list of vehicles, see [www.irs.gov/businesses/irc-30d-new-qualified-plug-in-electric-drive-motor-vehicle-credit](http://www.irs.gov/businesses/irc-30d-new-qualified-plug-in-electric-drive-motor-vehicle-credit) .

### **Item for Tuesday, May 24, 2022**

**Audit Rates Down for All Individual Income Levels:** The Government Accountability Office (GAO) issued a report (GAO-22-104960) on the audit rates of individual tax returns from tax years 2010 to 2019 for all income levels. According to the report, the audit rate for these returns decreased from 0.9% to 0.25%. The IRS attributed this trend to decreased funding which reduced staffing. Audit rates decreased the most for taxpayers with incomes of \$200,000 and above since the returns were generally more complex and required staff review. Although the audit rates decreased more for higher-income taxpayers, the IRS generally audited them at higher rates than lower-income taxpayers. However, the audit rate for taxpayers claiming the Earned Income Tax Credit (EITC) was higher than average. The IRS explained that EITC audits require fewer resources and prevent ineligible taxpayers from receiving the EITC. The report can be found at [www.gao.gov/assets/gao-22-104960.pdf](http://www.gao.gov/assets/gao-22-104960.pdf) .

### **Item for Monday, May 23, 2022**

**Interest Rates Increase for Third Quarter 2022:** The interest rates for tax overpayments and underpayments for the quarter beginning on 7/1/22 will increase over the prior quarter. For noncorporate taxpayers, the rate for both underpayments and overpayments will be 5%. The 5% rate also applies to estimated tax underpayments for the third quarter of 2022. For corporations, the overpayment rate will be 4%, with a 2.5% rate applicable to overpayments exceeding \$10,000. The underpayment rate for corporations will be 5%, except for large corporate underpayments, which will be 7%. [Rev. Rul. 2022-11](#) and [News Release IR-2022-107](#) .

### **Item for Friday, May 20, 2022**

**Employer Leave-Based Donations for Ukraine:** The Department of the Treasury and the IRS are aware that employers may adopt employer leave-based donation programs to aid citizens and residents of Ukraine; individuals working, traveling, or currently present in Ukraine; or refugees from Ukraine, collectively referred to as "victims of the further Russian invasion of Ukraine." [Notice 2022-28](#) provides guidance on the federal income and employment tax treatment of cash payments made by employers under leave-based donation programs to aid victims of the further Russian invasion of Ukraine. Under an employee leave-based donation program, an employee can elect to forgo vacation, sick, or personal leave in exchange for the employer's cash contribution to charitable organizations. Cash payments made by the employer beginning on 2/24/22 through 1/1/23 to [IRC Sec. 170\(c\)](#) organizations to aid victims of Ukraine by Russian forces won't be treated as income or wages of the employer's employees. [Notice 2022-28](#) .

