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## Five-Minute Tax Briefing<sup>®</sup>

**June 09, 2020**

**No. 2020-11**

### **Item for Tuesday, June 2, 2020**

**IRS to Issue Opinion Letters for Preapproved Defined Contribution Plans:** The IRS has announced that it plans to issue opinion letters with regard to the third six-year remedial amendment cycle for preapproved defined contribution plans by 6/30/20 (or soon thereafter). In addition, the IRS will accept from an employer eligible to submit a determination letter request an application for an individual determination letter under the third six-year remedial amendment cycle for preapproved defined contribution plans from 8/1/20 to 7/31/22. An employer adopting a newly approved plan will be required to adopt the plan document by 7/31/22. The end of the third six-year remedial amendment cycle for preapproved defined contribution plans is 1/31/23. Rev. Proc. 2017-41 outlines procedures for providers of preapproved plans to obtain opinion letters, once every six years, for qualified preapproved plans submitted with respect to the third (and subsequent) six-year remedial amendment cycles. Announcement 2020-7 .

### **Item for Monday, June 1, 2020**

**Postponed Deadlines for Certain Time-sensitive Actions:** The IRS has postponed deadlines for certain time-sensitive actions related to certain employment taxes, employee benefit plans, exempt organizations, IRAs, Coverdell education savings accounts, Health Savings Accounts (HSAs), and

Archer and Medicare Advantage Medical Saving Accounts (MSAs) that generally are due to be performed on or after 3/30/20 and before 7/15/20. In general, the revised deadline for an *affected taxpayer* to perform a *time-sensitive action* is 7/15/20, unless a different revised deadline is specified. The IRS also has provided a temporary waiver of the requirement that Certified Professional Employer Organizations (CPEOs) file certain employment tax returns and their accompanying schedules on magnetic media. This relief is provided on account of the ongoing COVID-19 pandemic and is in addition to the relief previously provided by the IRS in Notices 2020-18, 2020-20, and 2020-23. Notice 2020-35.

### **Item for Friday, May 29, 2020**

**IRS Announces Form 1040-X Electronic Filing Option:** The IRS announced that soon taxpayers will be able to electronically file their Form 1040-X (Amended U.S. Individual Income Tax Return) using available tax software products. Currently, taxpayers must mail a completed Form 1040-X to the IRS for processing. The new electronic option allows the IRS to receive amended returns faster while minimizing errors normally associated with manually completing the form. When the electronic filing option becomes available, only tax year 2019 Form 1040 and Form 1040-SR can be amended electronically. Taxpayers will still have the option to submit a paper version of the Form 1040-X and should follow the instructions for preparing and submitting the paper form. Additional enhancements are planned for the future. News Release IR 2020-107 .

### **Item for Thursday, May 28, 2020**

**IRS Issues Proposed Regulations on Premium Tax Credit:** The IRS has released proposed regulations (REG-124810-19) that clarify that the reduction of the personal exemption deduction to zero for 2018-2025 does not affect an individual's ability to claim the premium tax credit under IRC Sec. 36B . Specifically, the proposed regulations amend the definition of *family* in Reg. 1.36B-1(d) to include the taxpayer, including both spouses in the case of a joint return (except for individuals who qualify as a dependent of another taxpayer under IRC Sec. 152), and any other individual for whom the taxpayer is allowed a personal exemption deduction [taking into account IRC Sec. 151(d)(5)(B) ] and whom the taxpayer properly reports on his or her income tax return. The regulations, which adopt the substance of previous guidance issued in Notice 2018-84 , are generally proposed to apply to tax years ending after the date they are adopted as final. Prop. Regs. 1.36B-1 , 1.36B-2 , 1.36B-4 , and 1.6011-8.

### **Item for Wednesday, May 27, 2020**

**Final Regulations on Reporting Requirements of Exempt Organizations:** The IRS has issued final regulations (TD 9898) that clarify the reporting requirements generally applicable to tax-exempt organizations. Among other things, the final rules incorporate the existing exception (previously announced in Rev. Proc. 2011-15) from having to file an annual return for certain

organizations that normally have gross receipts of \$50,000 or less. The regulations also provide that the requirement to report contributor names and addresses on annual returns generally applies only to returns filed by Section 501(c)(3) organizations and Section 527 political organizations. According to the IRS, this change will have no effect on transparency because contributor information that is open to public inspection will be unaffected by this regulation. The final regulations apply as of the date they are published in the *Federal Register*. However, organizations may choose to apply the regulations to returns filed after 9/6/19. News Release IR 2020-103.

## Item for Tuesday, May 26, 2020

**SBA Releases Interim Final Rules on PPP Loan Forgiveness:** The Small Business Administration (SBA) has released interim final rules on calculating loan forgiveness amounts under the Paycheck Protection Program (PPP). The guidance largely mirrors instructions to the PPP loan forgiveness application, which was published by the SBA on 5/15/20. Among other things, the rules (1) confirm that an "alternative payroll covered period" may be used to compute payroll costs; (2) clarify that salary, wages, and commission payments to furloughed employees are eligible for loan forgiveness, as are bonuses and hazard pay; (3) provide that requested loan forgiveness amounts for owner-employees and self-employed individuals' payroll compensation can be no more than the lesser of 8/52 of 2019 compensation or \$15,385 per individual in total across all businesses; and (4) clarify that advance payments on mortgage obligations are not eligible for loan forgiveness. The SBA also has issued interim final rules that inform borrowers and lenders of the agency's process for reviewing PPP loan applications and loan forgiveness applications. The interim final rules are available at <https://home.treasury.gov/policy-issues/cares/assistance-for-small-businesses> .

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