



Five-Minute Tax Briefing[®]

July 14, 2020

No. 2020-13

Item for Thursday, July 2, 2020

Temporary Relief for Qualified Low-income Housing and Residential Rental Projects: The IRS has provided temporary tax relief to issuers, operators, owners, and tenants of qualified low-income housing projects or qualified residential rental projects financed with exempt facility bonds, and state agencies that have jurisdiction over these projects. For certain time-sensitive actions scheduled to be performed, and requirements to be met, on or after 4/1/20 and before 12/31/20, owners and operators now have until 12/31/20 to perform the actions and satisfy the requirements. Also, between 4/1/20 and 12/31/20, owners of qualified low-income housing projects are not required to perform certain income recertifications or reduce the eligible basis in a building because of the temporary closure of an amenity or common area due to COVID-19. Lastly, owners, operators, issuers, and state agencies may treat medical personnel and other essential workers providing services during the COVID-19 pandemic as if they were displaced individuals eligible for emergency housing. Notice 2020-53 and News Release IR 2020-136 .

Item for Wednesday, July 1, 2020

Workers Providing Cleaning Services Were Independent Contractors: The taxpayer owned and operated an unincorporated business that provided cleaning services to several apartment

complexes. She recruited various individuals to clean the units, but did not guarantee them a minimum amount or frequency of work. Workers used their own cleaning supplies and could decline a job for any reason. In addition, many of the workers cleaned for other individuals and businesses. The taxpayer treated her workers as independent contractors, maintaining that she did not have the right to control the manner and means by which the work should be accomplished. The IRS, however, argued that the taxpayer had the requisite control over her workers to establish an employer-employee relationship because she managed the day-to-day operations of the business. The Tax Court sided with the taxpayer, finding that she was more of an intermediary between her workers and the apartment complexes. *Leticia C. Santos*, TC Memo 2020-88 (Tax Ct.).

Item for Tuesday, June 30, 2020

IRS Won't Postpone July 15 Filing and Payment Deadline: The IRS has announced that the tax filing and payment deadline of 7/15/20 won't be postponed. Individual taxpayers unable to meet the deadline should file Form 4868 by 7/15/20 to obtain an automatic extension to 10/15/20. The IRS reminds taxpayers that an extension provides additional time to file a tax return, but not to pay any taxes due. Taxpayers facing hardships, including those affected by COVID-19, have several options available, including an online payment agreement, installment agreement, offer in compromise, and a temporary collection delay. The IRS recommends that taxpayers who are unable to pay their taxes in full should act as quickly as possible. News Release IR 2020-134.

Item for Monday, June 29, 2020

IRS Updates FAQs on Deferral of Employment Tax Deposits: The IRS has updated questions 1, 3, 4, and 5 of the "Deferral of Employment Tax Deposit FAQs" on www.irs.gov to reflect changes by the Paycheck Protection Program Flexibility Act (PPPFA) of 2020. Question 4 addresses Sec. 2302 of the CARES Act that would have prevented an employer from deferring the deposit and payment of its share of Social Security tax after receiving a decision that its PPP loan was forgiven by the lender. Thanks to an amendment by the PPPFA, an employer that receives a PPP loan is now entitled to defer the payment and deposit of its share of Social Security tax, even if the loan was forgiven. This deposit relief is in addition to the relief provided by Notice 2020-22 for deposit of employment taxes in anticipation of the Families First Coronavirus Relief Act (FFCRA) paid leave credits and the CARES Act employee retention credit. See www.irs.gov/newsroom/deferral-of-employment-tax-deposits-and-payments-through-december-31-2020 for more information.

Item for Friday, June 26, 2020

IRS Offers Time-limited Settlement for Syndicated Conservation Easements: The IRS will be offering a time-limited settlement to certain taxpayers with pending docketed Tax Court cases involving syndicated conservation easement transactions. The settlement offer will be sent by mail

to those eligible. Key terms of the offer include the following: (1) the deduction for the contributed easement is disallowed in full; (2) all partners must agree to settle, and the partnership must pay the full amount of tax, penalties, and interest before settlement; (3) investor partners can deduct the cost of acquiring their partnership interests and pay a reduced penalty of 10% to 20% (depending on the ratio of the deduction claimed to partnership investment); and (4) partners who provided services in connection with any syndicated conservation easement transaction must pay the maximum penalty asserted by the IRS (typically 40%) with no deduction for costs. According to the IRS, taxpayers should not expect to settle their docketed Tax Court cases on better terms. News Release IR 2020-130.

Item for Thursday, June 25, 2020

IRS Releases Additional Final Regulations on Qualified Business Income Deduction: The IRS has released additional final regulations (TD 9899) on the Qualified Business Income (QBI) deduction under IRC Sec. 199A. The final rules allow a shareholder in a Regulated Investment Company (RIC) [as defined in IRC Sec. 851(a)] to take a QBI deduction with respect to certain income of, or distributions from, the RIC. In addition, the regulations provide guidance on (1) the treatment of previously disallowed losses that are included in QBI in subsequent years and (2) interests held in split-interest or charitable remainder trusts. The final regulations apply to tax years beginning after 8/24/20. However, taxpayers may choose to apply the regulations to tax years beginning on or before 8/24/20. Alternatively, taxpayers who chose to rely on regulations proposed in February 2019 (REG-134652-18) for tax years beginning on or before 8/24/20 may continue to do so for such years. Regs. 1.199A-3 and -6; News Release IR 2020-128 .

Item for Wednesday, June 23, 2020

IRS Extends Deadlines for Tornado Victims in Parts of the South: Victims of the April tornadoes, severe storms, and flooding that took place in parts of Mississippi, Tennessee, and South Carolina will have until 10/15/2020, to file various individual and business tax returns and make tax payments. The IRS is offering this relief to any area designated by the Federal Emergency Management Agency as qualifying for individual assistance. Currently, this includes Clarke, Covington, Grenada, Jasper, Jefferson Davis, Jones, Lawrence, Panola, and Walthall counties in Mississippi, Bradley and Hamilton counties in Tennessee and Aiken, Barnwell, Berkeley, Colleton, Hampton, Marlboro, Oconee, Orangeburg, and Pickens counties in South Carolina. The tax relief postpones various tax filing and payment deadlines that occurred starting on 4/12/20. This includes 2019 individual and business returns that, due to COVID-19, were due on 7/15/20. Details on other returns, payments, and tax-related actions qualifying for additional time are available at www.irs.gov/newsroom/tax-relief-in-disaster-situations . News Release IR 2020-126 .

Item for Tuesday, June 23, 2020

Guidance Released for Plan Distributions and Loans for COVID-19 Victims: The IRS has provided guidance relating to section 2202 of the CARES Act, which allows qualified individuals to receive favorable tax treatment with respect to distributions from eligible retirement plans that are coronavirus-related distributions. A coronavirus-related distribution of up to \$100,000 is not subject to the 10% additional tax under IRC Sec. 72(t) and generally is includible in income over a three-year period. However, qualified individuals have three years to repay a coronavirus-related distribution to a plan or IRA and undo the tax consequences of the distribution. The CARES Act also increases the allowable plan loan amount under IRC Sec. 72(p) and permits a suspension of loan repayments due from 3/27/20 through 12/31/20 that are made to qualified individuals. The guidance expands the definition of who is a qualified individual and is intended to assist employers, plan administrators, trustees, and custodians by providing guidance on how plans may report coronavirus-related distributions and how taxpayers may report these distributions on their individual federal income tax returns. Notice 2020-50 and News Release IR 2020-124.

Item for Monday, June 22, 2020

IRS Issues Proposed Regulations on Qualified Transportation Fringe Benefit Expenses: The IRS has issued proposed regulations (REG-119307-19) on the treatment of amounts paid for Qualified Transportation Fringe (QTF) and commuting expenses. The Tax Cuts and Jobs Act (TCJA) disallowed deductions for QTF expenses and deductions for certain expenses of transportation and commuting between an employee's residence and place of employment. Specifically, the proposed regulations explain how to determine the amount of nondeductible expense and apply certain exceptions provided under IRC Sec. 274(e) that may allow expenses to be deductible. The guidance includes definitions and special rules to clarify and simplify the calculations. The proposed regulations modify and build on guidance provided in Notice 2018-99 and are proposed to apply for tax years that begin on or after the date they are adopted as final. Prop. Regs. 1.274-13 and 1.274-14 and News Release IR 2020-125.

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