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

**July 28, 2020**

**No. 2020-14**

### **Item for Thursday, July 23, 2020**

**IRS Issues Final Regulations on PTIN User Fee:** The IRS has issued final regulations (TD 9903) that set the user fee to apply for, or renew, a Preparer Tax Identification Number (PTIN) for 2021 at \$21. This amount includes costs relating to PTIN misuse and maintaining the integrity of PTINs. The \$21 user fee does not include any fees charged by third-party vendors for processing applications, which are currently \$14.95. PTINs generally can be renewed beginning in mid-October and are valid for the following calendar year. Practitioners can renew their PTINs online at [www.irs.gov/ptin](http://www.irs.gov/ptin) or by submitting a paper Form W-12 with the "Renewal" box checked. The final regulations are effective 8/17/20. News Release IR 2020-159.

### **Item for Wednesday, July 22, 2020**

**ACA Premium Tax Credit Indexed Adjustments for 2021:** In a Revenue Procedure, the IRS has released the indexed applicable percentage table to be used in calculating an individual's premium tax credit under IRC Sec. 36B for tax years beginning in 2021. The Revenue Procedure also provides that the Section 36B required contribution percentage, which is used to determine whether an employee's share of the cost of employer-sponsored coverage is affordable, is 9.83% for plan years beginning in 2021 (up from 9.78% for 2020). The IRS used the Department of Health

and Human Services Notice of Benefit and Payment Parameters for 2020 to index the applicable percentage table and the contribution percentage. Moreover, the IRS determined that an additional adjustment isn't required to reflect the rates of premium growth relative to the growth in the consumer price index. Rev. Proc. 2020-36.

### Item for Tuesday, July 21, 2020

**Final and Proposed Regulations on Income Subject to a High Rate of Foreign Tax:** The IRS has issued final regulations (TD 9902) under the Global Intangible Low-taxed Income (GILTI) and subpart F provisions of the Code regarding the treatment of income subject to a high rate of foreign tax. Among other things, the final regulations allow taxpayers to exclude certain high-taxed income of a controlled foreign corporation from their GILTI computation on an elective basis. The IRS also has released proposed regulations (REG-127732-19) that would generally conform the rules implementing the subpart F high-tax exception to the rules implementing the GILTI high-tax exclusion set forth in the final regulations. In addition, the proposed rules would provide for a single election under IRC Sec. 954(b)(4) for purposes of both subpart F income and tested income. The final regulations are effective on 9/21/20. News Release IR 2020-165.

### Item for Monday, July 20, 2020

**IRS Dirty Dozen List Includes COVID-19 Schemes:** In a recent News Release, the IRS announced that aggressive and evolving schemes related to coronavirus tax relief are being emphasized on the "Dirty Dozen" list of tax scams to avoid for 2020. The agency is focusing on schemes that use the current pandemic to steal money and information from taxpayers. Taxpayers should be alert to potential fake emails, telephone calls, or websites using keywords such as "coronavirus," "COVID-19," and "stimulus" in various ways to steal personal information. The IRS will never initiate contact with taxpayers via email or telephone about a tax bill, refund, or Economic Impact Payment. Taxpayers also should be wary of fake charities with names similar to nationally known organizations that may have been set up to exploit natural disasters and other situations such as the current COVID-19 pandemic. Taxpayers can consult the "Coronavirus Tax Relief" page of [www.irs.gov](http://www.irs.gov) or contact the IRS if there is any doubt about the legitimacy of any IRS communication. News Release IR 2020-160 .

### Item for Friday, July 17, 2020

**Applicable Federal Rates for August:** The Section 7520 rate for August 2020 is 0.4%, while the Applicable Federal Rates (AFRs) are as follows (Rev. Rul. 2020-15):

	Annual	Semiannual	Quarterly	Monthly
Short-term ( $\leq 3$ years)	0.17%	0.17%	0.17%	0.17%
Mid-term ( $> 3$ years but $\leq 9$ years)	0.41%	0.41%	0.41%	0.41%
Long-term ( $> 9$ years)	1.12%	1.12%	1.12%	1.12%

## Item for Thursday, July 16, 2020

**IRS Sending Letters to Those Experiencing Delays with Form 7200:** The IRS has started sending letters to taxpayers who have experienced a delay in the processing of their Form 7200 (Advance Payment of Employer Credits Due to COVID-19). A taxpayer will receive letter 6312 if the IRS either rejected Form 7200 or made a change to the requested advance payment amount due to a computation error. The letter will explain the reason for the rejection or, if the amount is adjusted, list the new payment amount. A taxpayer will receive letter 6313 if the IRS needs written verification that the address listed on Form 7200 is the current mailing address for the business. The IRS will not process Form 7200 or change the last known address until the taxpayer provides it. News Release IR 2020-158 .

## Item for Wednesday, July 15, 2020

**IRS Unveils Proposed Redesigned Partnership Form for 2021:** The IRS has released a proposed redesigned partnership form for tax year 2021 (the 2022 filing season). The form is intended to provide guidance on how to report international tax information to partners in a standardized format. The new Schedule K-2 (Partners' Distributive Share Items—International) replaces portions of the existing Form 1065, Schedule K , lines 16(a) through 16(r). The new Schedule K-3 (Partner's Share of Income, Deductions, Credits, etc.—International) replaces portions of Schedule K-1, Part III, Boxes 16 and 20. According to the IRS, the redesigned form would be used only if the partnership has items of international tax relevance (generally foreign activities or foreign partners). The proposed changes would not affect domestic partnerships with no international tax items to report. The IRS invites comments from affected stakeholders through 9/14/20. The draft Schedules K-2 and K-3 are available at [www.irs.gov/businesses/1065-form-changes](http://www.irs.gov/businesses/1065-form-changes) . News Release IR 2020-155 .

## Item for Tuesday, July 14, 2020

**IRS Issues Final FDII and GILTI Regulations:** The IRS has issued final regulations (TD 9901) that provide guidance on deductions for Foreign-derived Intangible Income (FDII) and Global Intangible Low-taxed Income (GILTI). The final rules retain the basic approach and structure of regulations proposed in March 2019 (REG-104464-18), with certain revisions. Among other things, the final regulations provide guidance on both the computation of the deductions available and the determination of FDII. The regulations also address the computation of FDII in the consolidated return context. In addition, the regulations finalize certain reporting requirements, including the filing of Form 8993. The final regulations generally apply to tax years beginning on or after 1/1/21. For tax years beginning before 1/1/21, taxpayers may apply the final regulations or rely on the proposed regulations, except that taxpayers that choose to rely on the proposed regulations may rely on the transition rule for documentation for all tax years beginning before 1/1/21. News Release IR 2020-147.

## Item for Monday, July 13, 2020

**IRS Issues Relief Guidance on Required Minimum Distributions (RMDs):** The IRS has provided guidance relating to the waiver in 2020 of RMDs from certain retirement plans and IRAs due to the amendment of IRC Sec. 401(a)(9) by Sec. 2203 of the Coronavirus Aid, Relief, and Economic Security (CARES) Act. Notice 2020-51 provides rollover relief (including an extension of the 60-day rollover period to 8/31/20) with respect to waived RMDs from IRAs; defined contribution plans, such as 401(k)s, 403(b)s, and 457(b) plans for government employers; and the Federal Thrift Savings Plan. RMDs taken in January through June qualify for the rollover extension until 8/31/20. Also, the one-rollover-every-12-months requirement for IRA owners who took RMD monthly installments in 2020 has been waived, with owners of inherited IRAs and other inherited plans also qualifying for the waiver. The Notice also provides questions and answers regarding the waiver of 2020 RMDs and a sample plan amendment. Notice 2020-51.

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