



Five-Minute Tax Briefing[®]

September 08, 2020
No. 2020-17

Items for Wednesday, September 2, 2020

IRS Launches BBA Centralized Partnership Audit Website: The IRS has launched its Bipartisan Budget Act (BBA) Centralized Partnership Audit Regime website. Under the BBA, which is generally effective for tax years beginning January 2018, the IRS generally assesses and collects any understatement of tax at the partnership level. The new website is intended to be a one-stop location for anything BBA-related, including regulations and other guidance and instructions related to the Partnership Representative (PR), electing out of the centralized audit regime, Administrative Adjustment Requests (AARs), and what to expect during a BBA administrative proceeding. The IRS encourages taxpayers to visit the website often for information, including electronic submission instructions of forms related to a BBA examination (when those instructions are available). For more information, see www.irs.gov/businesses/partnerships/bba-centralized-partnership-audit-regime . News Release IR 2020-199 .

IRS to Issue Controlled Foreign Corporation and GILTI Regulations: The IRS has announced that it intends to issue regulations addressing the application of IRC Secs. 951 (controlled foreign corporations) and 951A [Global Intangible Low-taxed Income (GILTI)] to certain S corporations with Accumulated Earnings and Profits (AE&P). Specifically, the regulations would include transition rules to assist S corporations with AE&P and their shareholders by allowing them to recognize the

GILTI inclusion amount at the entity level so it is treated as an item of income, thereby increasing the S corporation's Accumulated Adjustments Account (AAA) before allocation to the shareholders. In addition, the IRS intends to issue regulations addressing the treatment of Qualified Improvement Property (QIP) under the Alternative Depreciation System (ADS) for purposes of calculating Qualified Business Asset Investment (QBAI) under the Foreign-derived Intangible Income (FDII) and GILTI provisions. Notice 2020-69 .

Items for Tuesday, September 1, 2020

IRS Approves Temporary Use of Digital Signatures for Certain Forms: The IRS has announced that it will temporarily allow the use of digital signatures on certain forms that can't be filed electronically. This change is intended to reduce in-person contact and lessen the risk to taxpayers and tax professionals during the COVID-19 pandemic. The following forms can be submitted with digital signatures if mailed by or on 12/31/20: (1) Form 3115; (2) Form 8832; (3) Form 8802; (4) Form 1066 ; (5) Form 1120-RIC; (6) Form 1120-C; (7) Form 1120-REIT ; (8) Form 1120-L; (9) Form 1120-PC; and (10) Form 8453 series, Form 8878 series, and Form 8879 series regarding IRS e-file signature authorization forms. The IRS will closely monitor this temporary option for e-signatures and determine if additional steps are needed. News Release IR 2020-194.

Tax Relief for Victims of Hurricane Laura: The IRS has provided tax relief for victims of Hurricane Laura. The relief postpones various tax filing and payment deadlines that occurred starting on 8/22/20. Affected individuals and businesses now have until 12/31/20 to file returns and pay any taxes that were originally due during the relief period. This includes extended individual income tax returns (but not payments, which were due 7/15/20), quarterly estimated income tax payments due on 9/15/20, extended business income tax returns, and quarterly payroll and excise tax returns normally due on 11/2/20. In addition, penalties on payroll and excise tax deposits due after 8/22/20 and before 9/8/20 will be abated, as long as the deposits are made by 9/8/20. News Release IR 2020-197.

Item for Monday, August 31, 2020

IRS Guidance on Presidential Memo Deferring Payroll Tax Obligations: The IRS has provided guidance on implementing the Presidential Memorandum issued on 8/8/20 allowing employers affected by the COVID-19 emergency to defer withholding and payment of the employee's portion of the 6.2% Social Security tax (or the 6.2% railroad retirement tax equivalent) payable on wages or compensation paid 9/1/20 through 12/31/20. The deferral may apply to any employee whose wages or compensation, payable during any biweekly pay period, generally is less than \$4,000 (calculated on a pretax basis). Amounts deferred in 2020 are to be withheld and paid ratably from wages and compensation paid between 1/1/21 and 4/30/21. However, employers "may make arrangements to otherwise collect" the total applicable taxes from employees. Interest, penalties,

and additions to tax will begin to accrue on 5/1/21. Notice 2020-65 and News Release IR 2020-195

Item for Friday, August 28, 2020

IRS Accepting Applicants for the Compliance Assurance Process for 2021: The IRS announced the opening of the application period for the 2021 Compliance Assurance Process (CAP) program. The application period runs 9/1/20 to 11/13/20. The IRS will inform applicants if they're accepted into the program in February 2021. CAP employs real-time issue resolution, through transparent and cooperative interaction between taxpayers and the IRS, to improve federal tax compliance by resolving issues prior to the filing of a tax return. To be eligible to apply for CAP, new applicants must (1) have assets of \$10 million or more; (2) be a U.S. publicly traded corporation with a legal requirement to prepare and submit SEC Form 10-K, Form 10-Q , and Form 8-K; and (3) not be under investigation by, or in litigation with, any government agency that would limit the IRS's access to current tax records. Program details are available on the CAP webpage (www.irs.gov/businesses/corporations/compliance-assurance-process). News Release IR 2020-193 .

Item for Thursday, August 27, 2020

IRS Revises Business Identity Theft Affidavit: Taxpayers file Form 14039-B (Business Identity Theft Affidavit) if they suspect that their business entity, estate, trust, or exempt organization has been a victim of identity theft. The form must be signed (under penalties of perjury) by someone who has legal authority to act for the entity and to receive return information under IRC Sec. 6103. Under the previous version of Form 14039-B, the person signing the form was required to either (1) have the form notarized or (2) include with the form a copy of a police report indicating that the entity was a victim of identity theft. Recently, the IRS released a revised version of Form 14039-B that eliminates this requirement. Therefore, the form no longer needs to be notarized or include a police report. The revised form can be accessed at www.irs.gov/pub/irs-pdf/f14039b.pdf .

Item for Wednesday, August 26, 2020

Certain Spouses Will Receive Catch-up Economic Impact Payments: The IRS has announced that it will be sending catch-up Economic Impact Payments (EIPs) to about 50,000 individuals whose portion of the EIP was diverted to pay their spouse's past-due child support. The payments, which are scheduled to be issued in early to mid-September, will be mailed as checks to any eligible spouse who submitted Form 8379 (Injured Spouse Allocation) with his or her 2019 federal income tax return (or, in some cases, his or her 2018 return). These spouses do not need to take any action to receive their EIPs. Eligible spouses who did not file a Form 8379 also do not need to take any action. The IRS will automatically issue the portion of the EIP that was applied to the

other spouse's debt; however, the timing of these payments is yet to be determined. News Release IR 2020-192.

Items for Tuesday, August 25, 2020

IRS Updates Procedures for Designating Taxpayer Disputes for Litigation: Designation of issues for litigation, which is performed by the Office of Chief Counsel, limits a taxpayer's opportunity to administratively resolve a case with the IRS Independent Office of Appeals. As part of its implementation of the Taxpayer First Act (TFA), the IRS has issued a memorandum that provides interim guidance to its compliance staff on requests to designate issues for litigation. According to the IRS, the designation of issues for litigation has been, and remains, infrequent. (Recently, the IRS submitted its first TFA annual report, which indicated that no issues have been designated for litigation.) The designation procedures set out in the memorandum will be incorporated into the Internal Revenue Manual, and corresponding changes will be made to the Chief Counsel Directive Manual. News Release IR 2020-188 .

Tax Relief for Victims of Iowa Derecho and California Wildfires: The IRS has provided tax relief for victims of the 8/10/20 Iowa derecho and those affected by California wildfires that began on 8/14/20. The relief postpones various tax filing and payment deadlines that occurred starting on those respective dates. Affected individuals and businesses now have until 12/15/20 to file returns and pay any taxes that were originally due during the relief period. This includes extended individual income tax returns (but not payments, which were due 7/15/20), quarterly estimated income tax payments due on 9/15/20, and quarterly payroll and excise tax returns normally due on 10/31/20. In addition, penalties on payroll and excise tax deposits due after 8/10/20 (8/14/20 for victims of California wildfires) and before 8/25/20 (8/31/20 for victims of California wildfires) will be abated, as long as the deposits are made by 8/25/20 (8/31/20 for victims of California wildfires). News Releases IR 2020-190 and IR 2020-191 .

Item for Monday, August 24, 2020

IRS Temporarily Stops Mailing Notices to Taxpayers with Balances Due: The IRS announced the suspension of the mailing of three notices—the CP501, the CP503, and the CP504. These are sent automatically to taxpayers who have a balance due on their taxes. The IRS is taking this step to avoid confusion for taxpayers who previously received a balance due notice (CP14) and mailed a payment to the IRS; however, that payment may still be unopened. In addition, to provide fair and equitable treatment, the IRS also is providing relief from bad check penalties for dishonored checks the agency received between March 1 and July 15 due to delays in IRS processing. As the IRS works to stop these mailings at processing centers, some taxpayers and tax professionals may still receive these notices during the next few weeks due to the delivery of existing mailings. See www.irs.gov/newsroom/irs-temporarily-stops-mailing-notices-to-taxpayers-with-balances-due .

END OF DOCUMENT -

© 2020 Thomson Reuters/Tax & Accounting. All Rights Reserved.