

# 2023 NATIONAL INCOME TAX WORKBOOK

Chapter 15: 2023 New and expiring legislation



- Agreements/Arrangements among shareholders-- does not violate one class of stock
- Disproportionate distributions – does not violate one class of stock
- Missing shareholder consents, signatures, etc.
- Verify S Election
- Tax filing inconsistencies

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## **REV. PROC. 2022-19: S CORP RELIEF WITHOUT PLR**



- One or more nonidentical governing provisions
- Has not made disproportionate distributions
- Timely filed returns
- Corrections made before IRS notifies taxpayer

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## **REV. PROC. 2022-19: S CORP RELIEF WITHOUT PLR**



# NOTICE 2023-2 INFLATION REDUCTION ACT

The IRS has issued initial guidance on the application of the excise tax on repurchases of corporate stock.

1% tax on FMV of any stock buy-back

Covered Corporation – domestic Corp traded on securities market



# T.D. 9969 I.R.C. §§ 6225, 6226, 6241



**Final Regs. On Centralized  
Partnership Audit Regime**



**Special Enforcement Matters**

- Failure to comply
- Assessments under I.R.C. §6851
- Criminal Investigations
- Indirect methods of proof of income
- Foreign partners or partnerships
- Other special enforcement matters determined  
by Treasury regulations



# POLLING QUESTION # 3

- The IRS may assess penalties for noncompliance when taxpayers and preparers do not file a Foreign Bank Account Report if required
  - True
  - False



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**January 1, 2021: 31 U.S.  
Code §5336**

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**Identify beneficial  
owners**

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**Entities organized in US &  
Territories/Possessions**

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**Entities operating in US &  
Territories/Possessions**

# BENEFICIAL OWNERSHIP

Directly controls 25% ownership



Indirectly controls 25% ownership



Exercise substantial control



Substantial influence





# BENEFICIAL OWNERSHIP EXCEPTIONS

Minor child as long as parent or legal guardian are required to report

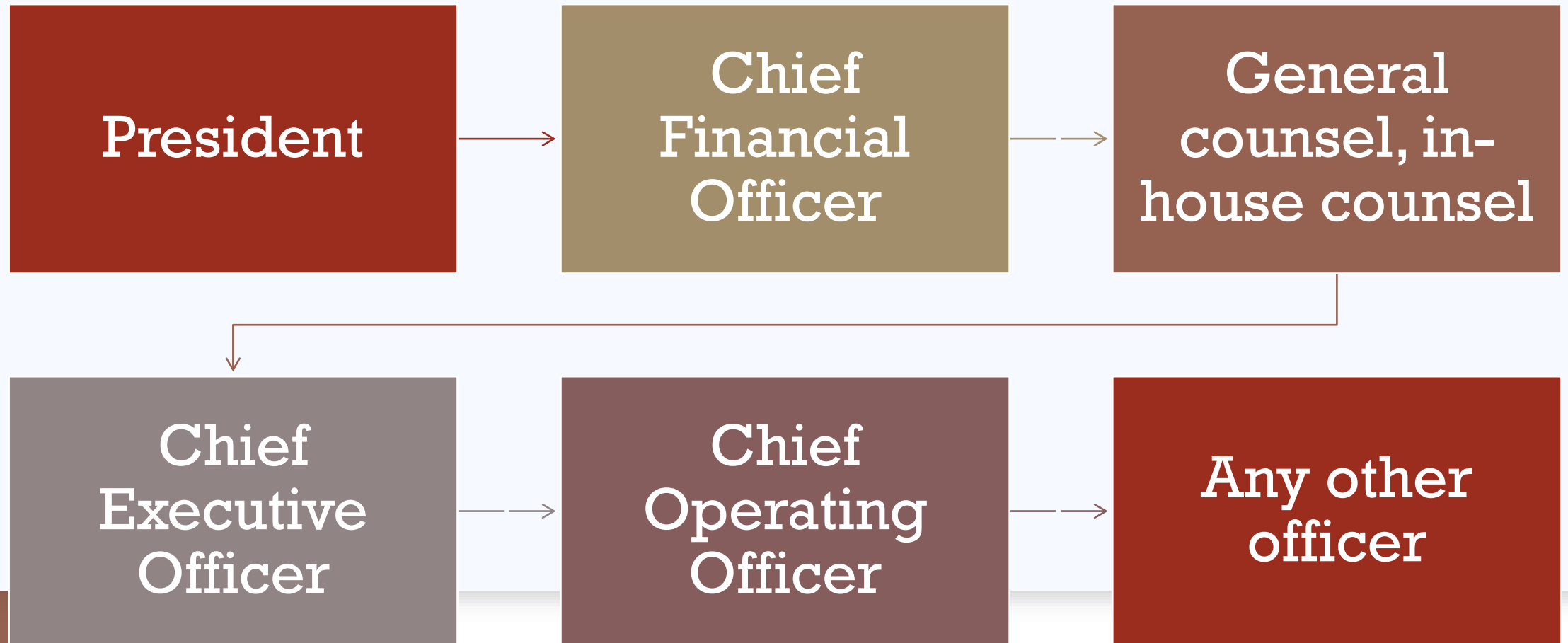
Nominee, intermediary, custodian, or agent on behalf of another individual

Individual with only future interest received through inheritance or the like

Creditor of a reporting company



# BENEFICIAL OWNERSHIP



# FILING REQUIREMENTS

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January 1, 2024

Organizational documents with Secretary of State or equivalent

C Corporation, S Corporations, LLC (single & multi-member)

Indian Tribes

Anytime there is a change in beneficial ownership

Filed through FinCen





# BENEFICIAL OWNER DOCUMENTS REQUIRED

- Full Legal Name
- Date of Birth
- Complete current address
- Unique ID
  - Non-expired US passport
  - Non-expired state, local or tribal ID
  - Non-expired state driver's license
  - Non-expired foreign passport (if don't have a U.S. ID)
- Image of the ID



# PRACTITIONER NOTE

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**Type of tax  
return is  
irrelevant**

**Single-  
Member  
LLC**



# 23 EXEMPT ENTITIES

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Certain types of money transmitting or money services business

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Any broker or dealer (SEC)

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Securities exchanges or clearing agencies

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Certain types of investment companies

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Certain types of venture capital fund advisers

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State-licensed insurance producers



# 23 EXEMPT ENTITIES

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Public accounting firm

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Pooled investment vehicles

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Certain tax-exempt entities & subsidiaries

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Entities assisting a tax-exempt entity

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Large operating companies: 20 full-time employee & \$ 5,000,000 gross receipts



Year 1			
<u>Activity</u>	<b>Count of reports</b>	<b>Burden hours</b>	<b>Cost</b>
Initial BOI reports	32,556,929	118,572,335	\$21,673,487,885.48
Updated BOI reports	6,578,732	7,657,096	\$1,038,524,428.72
FinCEN identifier applications for individuals	325,569	108,523	\$6,159,488.81
FinCEN identifiers updates for individuals	12,180	2,030	\$115,218.68
FinCEN costs			\$82,000,000.00
<b><u>Totals</u></b>	39,473,410	126,339,984 <sup>372</sup>	<b>\$22,800,287,021.69</b> 373

Avg \$665 & 3.7 hrs

Avg \$158

# FINCEN COST OF COMPLIANCE





Year 2+			
	Count of reports	Burden hours	Cost
Initial BOI reports	4,998,468	18,204,421	\$3,327,532,419.21
Updated BOI reports	14,456,452	16,826,105	\$2,282,108,290.77
FinCEN identifier applications for individuals	49,985	16,662	\$945,666.84
FinCEN identifiers updates for individuals	26,575	4,429	\$251,386.22
FinCEN costs			\$35,600,000.00
<b><u>Totals</u></b>	19,531,480	35,051,617 <sup>374</sup>	<b>\$5,646,437,763.04<sup>375</sup></b>

## FINCEN COST OF COMPLIANCE





**[WWW.FINCEN/GOV/BOI](http://WWW.FINCEN/GOV/BOI)**

# WORKER CLASSIFICATION

P. 600

Fair Labor  
Standards Act –  
wage & hour

Department of  
Labor – totality-  
of-the-  
circumstances

Courts –  
economic  
reality

Proposed Rule –  
control &  
opportunity for  
profit

Proposed Rule –  
totality-of-the-  
circumstances



# PROPOSED RULE

Opportunity for profit/loss based on managerial skill

Investments by the worker

Degree of permanence of the work relationship

Nature & degree of control

Extent to which work performed in integral part of “employer’s business”

Skill & initiative

Additional factors – not yet specified  
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# C.C.A. 202237010 I.R.C. § 61

P. 602

Paycheck Protection Loans

Forgiven – not included in income

Not Forgiven – included in income



# POLLING QUESTION # 4

- Substantial Authority is important for the following
  - Practicing before Tax Court
  - Representing taxpayers before the IRS
  - It really isn't
  - Both a & b

# QUESTIONS ??

