

WELCOME TO MSU INCOME TAX SCHOOL INTRODUCTION OF PRESENTERS

WEB MSU INCOME TAX SCHOOLS for 2022

WELCOME to the first-time attendees

For the rest of you, welcome back

We are splitting the classes between online and in person. Please use the questions and answers for questions.

DIGITAL ACCESS TO WORKBOOK

- 1) mail comes from digital@omnipress.com **Good until 9/15/23**
- 2) MSU needs a unique email—if you did not provide one or shared an email address with someone else you will not receive an invitation.
- 3) Invitations will be sent out during class—usually on the first day
- 4) If you do not receive an invitation or accidentally delete yours, call MSU office at 517-432-9803.

WE ARE IN THE PROCESS OF PRODUCING SLIDES FOR THIS CLASS ACCESS TO MSU INSTRUCTOR SLIDES

Bill will give your directions for this process.

For workbook updates, see box on lower left of page iv in the front of the book. This location also has prior workbooks.

VIEW OF WEBSITE PRIOR BOOK TOPICS, LINK AT PAGE IV IN TEXT

National Income Tax Workbook
Land Grant University Tax Education Foundation

Home | About the Tax Workbook | Workshop Locations | Contact

Members, Instructors & Participants Login
Login Status
Instructor | | log in

Class 2022 Class2022

Sample Chapters from Past Workbooks

Chapter content sample provided below to evaluate the workbook's quality.

[Ch 12 on Business Entities \(2015\)](#)

[Click to download the instructions for using the CD of the 2019 and past years' National Income Tax Workbook.](#)

[2020 Workbook Updates \(developments since publication of 2020 workbook\)](#)

=

[2019 Rates and Tables update](#)

BW1

Slide 8

BW1

Bill Wright, 10/2/2022

BOOKS

Each of you should have received a workbook prepared by Land Grant University Tax Education Foundation (LGUTEF). The book has more information that we can cover.

In your registration email, you received a link to the prior book in electronic format. The book is also available online and is easier to search.

Michigan book has updates for Treasury Department.

Master Tax Guide should be mailed to your address in January and mailed to your registration address.

OTHER DETAILS

Please be patient with us. We know the tax law and have good platform skills. But the electronics can quit without warning.

Band width is a problem. If you have two session going in your workspace at the same time, you can get kicked out of the session. Please sign back in. If you miss a question, let us know in the Q&A section of your screen.

John Jones will be online to trouble shoot any computer glitches.

2022 NATIONAL INCOME TAX WORKBOOK

CHAPTER 10: TAX RATES & USEFUL
TABLES



Tax Rates & Useful Schedule – topics

P. 373

- Error on page 373 Individuals page 399 (not 489)
- Tax Rates 2022 p. 378
- Car Expenses \$.585 Q 1 & 2 \$.625 Q3&4 p. 380
Medical/Military Moving \$.18 Q1&2 \$.22 Q3&4
- 2023 rate 65.5 cents New Developments p. 6
Depreciation built in rate for trade-in basis reduction \$.26/
2023 depreciation is \$.28
- Amount for various lease values p. 382

BUSINESS EXPENSE LIMITS

P. 383

- ▶ Sec. 179 Expensing Maximum \$1,080,000
- ▶ Meals 50% limit unless
footnote: 100% if from a restaurant including
delivery & per diem meals
- ▶ Rental real estate maximum for losses
- ▶ QBI limits raised Ex. MFJ 340,100

2022 Medicare Part B Premiums based on 2020 MAGI

P. 398

<u>Single, HoH, QW</u>	<u>MFJ</u>	<u>MFS</u>	<u>Beneficiary's Premium*</u>
\$91,000 or less	\$182,000 or less	\$91,000 or less	\$170.10 \$164.90 2023
\$91,001-\$114,000	\$182,001-\$228,000	N/A	\$238.10
\$114,001-\$142,000	\$228,001-\$284,000	N/A	\$340.20
\$142,001-\$170,000	\$284,001-\$340,000	N/A	\$442.30
\$170,001-\$499,999	\$340,001-\$749,999	\$89,001-\$408,999	\$544.30
\$500,000 & above	\$750,000 & above	\$409,000 & above	\$578.30 *

*The standard premium will be \$171.1 (or higher) however, some who get SS benefits may pay less than this. Limits increased for 2023.

POLLING QUESTION #1

1. The rate for Part B Medicare is going down for 2023
 - i. True
 - ii. False

POLLING QUESTION #1

1. The rate for Part B Medicare is going down for 2023

i. True

ii. False

RETIREMENT PLANS

P. 408

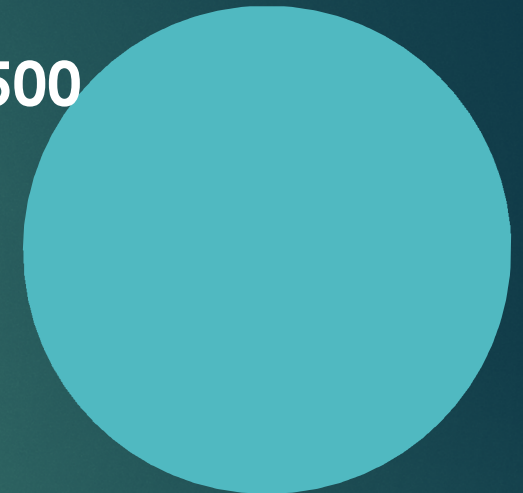
- ▶ **2022 IRA Limits Maximum \$6,000**
- ▶ Roth Example MJF modified AGI \$204,000-214,000 phase out, raised for **2023 \$6,500**
- ▶ **Retirement Plan Contribution Limits**
- ▶ Table for all plans – Consider max. if
- ▶ more than one employer
- ▶ Catch up remains \$6,500 over 50



RETIREMENT PLANS

P. 408

- ▶ 2022 401(k), 403(b) & SARSEP Maximum \$20,500
(only 14% use this per Vanguard)
- ▶ Amounts are adjusted for inflation
- ▶ 2023 Maximum 401(k) 22,500
catch up 50 & over 7,500
Total 30,000
2023 IRA including Roth max. 6,500
- ▶ SIMPLE 457 401(k) Defined cont./benefit comp.



Chapter 10 Tax Rates & Useful Tables

Social security & Medicare

P. 411

MAXIMUM earnings for Social Security **2022**

\$147,000

2023 \$160,200

AMOUNT TO EARN A QUARTER OF COVERAGE

2022 \$1,510

2023 \$1,640



IRS Hotlines & Toll-free Numbers



- ▶ See chart in text P. 412-413



QUESTIONS?



Form 5417- Basic Security Plan Considerations for Tax Professionals

- ▶ Know your customer information (names, addresses, email addresses, bank accounts/routing numbers) Have employee protocols
 - ▶ • New hires (training, accesses, need to know)
 - ▶ • Departing employees (physical and system accesses, keys/passwords/files/thumb drives)
- ▶ Protect passwords (length, upper case/lower case, numbers, special characters, phrases)
- ▶ Encrypt files and email; use anti-virus software and establish firewall protections
- ▶ Dispose properly (files, computers, printers, thumb drives)
- ▶ Know what your insurance covers and know who to contact in event of breach
- ▶ This document is not intended to be all inclusive, but as a starting point for security plan development. Security plans should be appropriate for the type and size of your business.

Publication 5708 - dated Oct 2022

- ▶ Creating a Written Information Security Plan for your Tax & Accounting Practice
- ▶ 29 Pages with a Sample of how you can personalize it
- ▶ *Written*
- ▶ *Information*
- ▶ *Security*
- ▶ *Plan*

- ▶ MaryJane also mentions Pub 5709 for a 1 page plan

2022 National Income Tax Workbook

Chapter 12:

2022 New and expiring legislation

Omnibus Budget Reconciliation 2022 Dec. 2022
changes not included (mainly Secure Act 2.0 with
modifications)



New legislation

P. 462

- DISCLAIMER:
- EDITED AND CONDENSED
- READ THE ENTIRE TEXT BEFORE RELYING ON IT

Agricultural and Natural Resource Issues

PP. 462-463

- Notice 2022-13 I.R.C. § 6654 Estimated Tax Penalty
 - Farmers & fishers get estimated tax penalty abatement relief.
- Notice 2021-55 I.R.C. § 1033 Involuntary Conversions –Livestock replacement
 - Drought counties get replacement period extension I.R.C. § 1033(e) for livestock sold

Inflation Reduction Act Section

- Chapter slides use
IRA §

Business Entity Tax Issues - Corporations

P. 463

IRA §§ 10101, 13904 I.R.C. §§ 55,56A, 59

- Alternative Minimum Tax use Adjusted Financial Statement Income
- Adjusted financial statement income of applicable corporations.(\$1billion for last 3 years before AMT)
- T.D. 9954 I.R.C. § 301 Corporations
 - Distributions to its SH = fair market value of the property per updated regs.

Polling Question #2

1. Are you ready?
2. Inflation Reduction Act §10101 deals with 15% Alternative Minimum Tax
 - a. Yes
 - b. No

Polling Question #2

1. Are you ready?
2. Inflation Reduction Act §10101 deals with 15% Alternative Minimum Tax
 - a. a. Yes
 - b. b. No

Business Entity Tax Issues

P. 464

- **IRA** §§ 10201 I.R.C. § 4501 Corporations - Excise tax on the repurchase (\$1 Million) of stock by covered corporation
- Office of Chief Counsel Memorandum 20221101F I.R.C. § 6033 Nonprofit
 - If a tax-exempt organization filed Form 990-N but was not eligible & improperly submitted that form for 3 or more years, its tax-exempt status may be revoked, even if IRS did not notify organization of nonfiling & pending revocation.

Pass-through entities

PP. 464-465

- Schedules K-2 and K-3

- Pass-through entities with international tax items must file Schedules K-2 & K-3

- Income & foreign tax credits for the partnership

- K-3 broken down by partner

-  Partner gives PTS foreign income, PTS must file K-3, even with zero amounts in K-3

- File by due date of return

Pass-through entities Schedules K-2 (Foreign income

SCHEDULE K-2 (Form 1065) Partners' Distributive Share Items—International

Department of the Treasury Internal Revenue Service

Attach to Form 1065. Go to www.irs.gov/Form1065 for instructions and the latest information.

OMB No. 1545-0123

2022

Name of partnership _____ Employer identification number (EIN) _____

A Is the partnership a withholding foreign partnership?
 Yes No If "Yes," enter your WP-EIN: _____

B Is the partnership (including the home office or any branch) a qualified derivatives dealer?
 Yes No If "Yes," enter your QI-EIN: _____

C Check to indicate the parts of Schedule K-2 that apply.

	Yes	No		Yes	No
1 Does Part I apply? If "Yes," complete and attach Part I	<input type="checkbox"/>	<input type="checkbox"/>	7 Does Part VII apply? If "Yes," complete and attach Part VII	<input type="checkbox"/>	<input type="checkbox"/>
2 Does Part II apply? If "Yes," complete and attach Part II	<input type="checkbox"/>	<input type="checkbox"/>	8 Does Part VIII apply? If "Yes," complete and attach Part VIII	<input type="checkbox"/>	<input type="checkbox"/>
3 Does Part III apply? If "Yes," complete and attach Part III	<input type="checkbox"/>	<input type="checkbox"/>	9 Does Part IX apply? If "Yes," complete and attach Part IX	<input type="checkbox"/>	<input type="checkbox"/>
4 Does Part IV apply? If "Yes," complete and attach Part IV	<input type="checkbox"/>	<input type="checkbox"/>	10 Does Part X apply? If "Yes," complete and attach Part X	<input type="checkbox"/>	<input type="checkbox"/>
5 Does Part V apply? If "Yes," complete and attach Part V	<input type="checkbox"/>	<input type="checkbox"/>	11 Does Part XI apply? If "Yes," complete and attach Part XI	<input type="checkbox"/>	<input type="checkbox"/>
6 Does Part VI apply? If "Yes," complete and attach Part VI	<input type="checkbox"/>	<input type="checkbox"/>	12 Reserved for future use	<input type="checkbox"/>	<input type="checkbox"/>

Part I Partnership's Other Current Year International Information

Check box(es) for additional specified attachments. See instructions.

<input type="checkbox"/> 1. Gain on personal property sale	<input type="checkbox"/> 5. High-taxed income	<input type="checkbox"/> 8. Form 5471 information	<input type="checkbox"/> 11. Dual consolidated loss
<input type="checkbox"/> 2. Foreign oil and gas taxes	<input type="checkbox"/> 6. Section 267A disallowed deduction	<input type="checkbox"/> 9. Other forms	<input type="checkbox"/> 12. Reserved for future use
<input type="checkbox"/> 3. Splitter arrangements	<input type="checkbox"/> 7. Form 8858 information	<input type="checkbox"/> 10. Partner loan transactions	<input type="checkbox"/> 13. Other international items (attach description and statement)
<input type="checkbox"/> 4. Foreign tax translation			

Part II Foreign Tax Credit Limitation

Section 1. Gross Income

Pass-through entities

PP. 464-465
Schedules K-2

- Additional Parts of Form K-2
- Part 2 Gross Income & Deductions
- Part 3 Prep 1116 or 1118
- Part 4 § 250 Foreign Derivatives of Intangibles form 8993
- Part 5 Distributions of Foreign Corps to PS
- Part 6 Sec. 951(a)(1) and Sec. 951A Inclusion
- Part 7 Form 8621 PFIC, Qualified Electing Fund & QIC
- Part 8 Foreign Corp Ins. Sec. 960
- Part 9 Base Erosion & Anti-abuse §59A
- Part 10 Character & Source of Income - Allocation
- Part 11 §871(m)

<p>Schedule K-3 (Form 1065)</p> <p>Department of the Treasury Internal Revenue Service</p>	<p>Partner's Share of Income, Deductions, Credits, etc.—International</p> <p>For calendar year 2022, or tax year beginning ____ / ____ / 2022, ending ____ / ____ / ____</p> <p>See separate instructions.</p>	<p>OMB No. 1545-0123</p> <p style="font-size: 2em; font-weight: bold;">2022</p>																																										
<p><input type="checkbox"/> Final K-3 <input type="checkbox"/> Amended K-3</p>																																												
Information About the Partnership		Information About the Partner																																										
<p>A Partnership's employer identification number (EIN)</p>		<p>C Partner's SSN or Taxpayer Identification Number (TIN) (Do not use TIN of a disregarded entity. See instructions.)</p>																																										
<p>B Partnership's name, address, city, state, and ZIP code</p>		<p>D Name, address, city, state, and ZIP code for partner entered in C. See instructions.</p>																																										
<p>E Check to indicate the parts of Schedule K-3 that apply.</p>																																												
		<table border="1" style="border-collapse: collapse;"> <thead> <tr> <th style="width: 10px;"></th> <th style="width: 40px;">Yes</th> <th style="width: 40px;">No</th> </tr> </thead> <tbody> <tr><td style="text-align: center;">1</td><td style="text-align: center;"><input type="checkbox"/></td><td style="text-align: center;"><input type="checkbox"/></td></tr> <tr><td style="text-align: center;">2</td><td style="text-align: center;"><input type="checkbox"/></td><td style="text-align: center;"><input type="checkbox"/></td></tr> <tr><td style="text-align: center;">3</td><td style="text-align: center;"><input type="checkbox"/></td><td style="text-align: center;"><input type="checkbox"/></td></tr> <tr><td style="text-align: center;">4</td><td style="text-align: center;"><input type="checkbox"/></td><td style="text-align: center;"><input type="checkbox"/></td></tr> <tr><td style="text-align: center;">5</td><td style="text-align: center;"><input type="checkbox"/></td><td style="text-align: center;"><input type="checkbox"/></td></tr> <tr><td style="text-align: center;">6</td><td style="text-align: center;"><input type="checkbox"/></td><td style="text-align: center;"><input type="checkbox"/></td></tr> <tr><td style="text-align: center;">7</td><td style="text-align: center;"><input type="checkbox"/></td><td style="text-align: center;"><input type="checkbox"/></td></tr> <tr><td style="text-align: center;">8</td><td style="text-align: center;"><input type="checkbox"/></td><td style="text-align: center;"><input type="checkbox"/></td></tr> <tr><td style="text-align: center;">9</td><td style="text-align: center;"><input type="checkbox"/></td><td style="text-align: center;"><input type="checkbox"/></td></tr> <tr><td style="text-align: center;">10</td><td style="text-align: center;"><input type="checkbox"/></td><td style="text-align: center;"><input type="checkbox"/></td></tr> <tr><td style="text-align: center;">11</td><td style="text-align: center;"><input type="checkbox"/></td><td style="text-align: center;"><input type="checkbox"/></td></tr> <tr><td style="text-align: center;">12</td><td style="text-align: center;"><input type="checkbox"/></td><td style="text-align: center;"><input type="checkbox"/></td></tr> <tr><td style="text-align: center;">13</td><td style="text-align: center;"><input type="checkbox"/></td><td style="text-align: center;"><input type="checkbox"/></td></tr> </tbody> </table>		Yes	No	1	<input type="checkbox"/>	<input type="checkbox"/>	2	<input type="checkbox"/>	<input type="checkbox"/>	3	<input type="checkbox"/>	<input type="checkbox"/>	4	<input type="checkbox"/>	<input type="checkbox"/>	5	<input type="checkbox"/>	<input type="checkbox"/>	6	<input type="checkbox"/>	<input type="checkbox"/>	7	<input type="checkbox"/>	<input type="checkbox"/>	8	<input type="checkbox"/>	<input type="checkbox"/>	9	<input type="checkbox"/>	<input type="checkbox"/>	10	<input type="checkbox"/>	<input type="checkbox"/>	11	<input type="checkbox"/>	<input type="checkbox"/>	12	<input type="checkbox"/>	<input type="checkbox"/>	13	<input type="checkbox"/>	<input type="checkbox"/>
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12	Reserved for future use																																											
13	Does Part XIII apply? If "Yes," complete and attach Part XIII																																											

K-3 Line XIII Foreign PTR sale or exchange of PS interest

Part XIII Foreign Partner's Distributive Share of Deemed Sale Items on Transfer of Partnership Interest			
A Date of transfer of the partnership interest	B1 Percentage interest in the partnership transferred	B2 Number of units in the partnership transferred	B3 Reserved for future use
C Check if: 1 <input type="checkbox"/> Capital 2 <input type="checkbox"/> Preferred 3 <input type="checkbox"/> Profits 4 <input type="checkbox"/> Other			
			Partner's Distributive Share
1	Total ordinary gain (loss) that would be recognized on the deemed sale of section 751 property		1
2	Aggregate effectively connected ordinary gain (loss) that would be recognized on the deemed sale of section 751 property		2
3	Aggregate effectively connected capital gain (loss) that would be recognized on the deemed sale of non-section 751 property		3
4	Gain (loss) that would be recognized under section 897(g) on the deemed sale of U.S. real property interests		4
5	Check this box if the amount provided on line 2 or 3 is determined (in whole or in part) under Regulations section 1.864(c)(8)-1(c)(2)(ii)(E) (material change in circumstances rule for a deemed sale of the partnership's inventory property or intangibles) <input type="checkbox"/>		

Draft instructions 34 pages

Penalty waivers for 2021, check 2022

Business Tax Issues -Credits

PP. 465-466

- **IRA** § 13902 I.R.C. § 41 Research Credits -\$250,000 Research credit can be claimed against payroll taxes (Medicare taxes)
- Infrastructure Investment & Jobs Act § 80604 I.R.C. § 3134 Employee Retention Cr.
 - Only a recovery startup business can claim employee retention credit after 3rd quarter of 2021.
 - (Michigan law does not have govt. shut down after June 17, 2021 so No 3rd qtr 2021 or later)

Polling Question #3

- a. 1. Do you have foreign income, credits or partners in a partnership?
- A. A. Yes
- B. B. No
- C. C. Not as identified, yet.

Business Tax Issues

PP. 466-467

- Notice 2021-65 I.R.C. § 3134 Credits
 - IRS issued guidance for employers who claimed the employee retention credit before it was retroactively repealed in the fourth quarter of 2021.
- Notice 2021-63 I.R.C. § 274 Deductions
 - Allows taxpayer to treat meal portion of a per diem rate as an expense for a restaurant meal that is eligible for the 100% deduction.

Business Tax Issues

P. 467

- IR 2022-124 Announcement 2022-13 I.R.C. § 162 Deductions
 - The IRS raised the standard mileage rates for the last two quarters in 2022; \$0.625 per mile as of July 1
 - Military mileage raised to \$0.22; Charitable same
- Rev. Proc. 2022-13 I.R.C. § 7436 Employment Tax-
IRS claims employee, IRS has issued guidance on requesting a review of a worker reclassification determination.

Not in the Book - Per diem

Notice 2022-44 Special Per Diem rates

- **Years 2022-23** Transportation industry Oct 1, 2022
- (1) the special transportation industry meal and incidental expenses (M&IE) rates
 - non-high-cost localities are \$204. Meals same \$74
 - high-cost localities within CONUS, which are listed in the notice, are \$297, Meals same \$64
- (2) rate for the incidental expenses only deduction same at \$5.00, &
- (3) rates for CONUS \$69 for transportation industry

Business Tax Issues PPP Loans =tax-exempt inc.

P. 468

- Rev. Proc. 2021-48 Income
- Explains timing of tax-exempt income from the Paycheck Protection Program loan forgiveness for purposes of certain gross receipt tests.

- **Rev. Proc. 2021-49** I.R.C. §§704, 705, 1502 Income
 - Provides guidance for partnerships that received PPP loan forgiveness.

Business Tax Issues –Change from text

P. 468-469

- American Rescue Plan Act § 9674
I.R.C. § 6050W Information Reporting
 - 1099-K Threshold for **2022 \$20,000 on payments of 200 or more**
 - Information Release 2022-226
 - Third party settlement organization
 -
 - The payment transaction reporting threshold is the same in **2022.**
 - **Notice 2023-10 from IRS file 1099 K if withholding was made**
 - **Venmo has Friends & Family**

Business Tax Issues

pp. 468-469

- **IRA** § 13903 I.R.C. § 461, Losses
 - Non-corporate TPs **Excess Business Losses** are disallowed is extended through 2028.
 - EBL limitation applies to noncorporate taxpayers, such as individuals, trusts and estates,
 - No “business” loss in excess of **\$270,000 for single filers or \$540,000 for married joint filers** for the tax year 2022, indexed annually.

Business Tax Issues

PP. 469-470

- **C.C.A. 202151005 I.R.C. §§ 469, 1402
Self-Employment Tax**
 - SE tax may not be determined by a rental activity or a nonrental activity under the passive activity loss rules
 - Rules for short term rentals (7 days)
 - Substantial services are the issue

See also New Developments p. 7 Employee or Independent Contractor

Ethics – Due Diligence

P. 470

- **C.C.A. 202125009** I.R.C. § 6700 Due Diligence
 - IRS defines types of fraudulent statements that can result in imposition of a penalty on a promoter of an abusive tax shelter.
 - Applies to members, employees, or employees of promoter who makes false claims about tax benefits

Privilege also going to Supreme Court New Developments p. 8

Individual tax issues -Credits

P. 471

- **IRS FAQs and Fact Sheet 2021-218** I.R.C. § 24
Child Tax Credits
 - Information on the 2021 child tax credit, & advance payments
Additional credits when filing return. Repayment required only if income threshold was met
- Inflation Reduction Act § 12001 I.R.C. § 36B **Premium Tax Credits** - extends PTC to over 400% of poverty level per ARPA rules

International Tax Issues- Foreign Taxes

P. 471

- T.D. 9959 I.R.C. §§ 901, 903, and other code sections
Final regulations impose limits on the foreign tax credit.
 - TP must consider limits on credit if payment was subject to dividend received deduction
 - Foreign tax defined & payment in lieu of foreign income tax

IRS issues – FAQs & Taxpayer Advocate

PP. 472-473

- I.R. 2021-202 Updated FAQs & prior ones by date issued - IF TP relied on FAQ, reasonable cause to waive the penalty, but law cannot be ignored
- Memorandum for Taxpayer Advocate Service Employees I.R.C. § 7803, I.R.M. § 13.1.7 Taxpayer Advocate Service to accept cases under criteria 9, public policy

Tax Exempt revocation because of failure to file

Account related issues from Congressional office except Unemployment, Advanced child tax credit, Passport denial or

Referrals to private collection

IRS issues - Cryptocurrency

P. 473

- Infrastructure Investment and Jobs Act § 80603 I.R.C. § 6045
Virtual Currency
 - New information reporting requirements for digital assets will apply *after* December 31, 2023.
 - Broker reports sale or exchange



■

IRS issues - Cryptocurrency

P. 473

- Taxable event on the fair market value of the asset they generate on the date of receipt:
 - Mining income
 - Crypto staking
 - Hard forks or AirDrops
 - Interest earnings
- Games



New legislation – energy credits extended 1/1/25

P. 473

- **IRA** § 13101 I.R.C. § 45Y Clean Energy Production Credit
 - & modifies credit for electricity produced from certain renewable resources.
 - Extends start construction until Jan 1 2025
 - Prevailing wage & % apprentices
 - Not in book - Zero green house gas

New legislation- Energy security - credits

P. 473 & 4

- Section lists **IRA** § & I.R.C. §
- Names are changed - Clean Electricity Investment Credit
- 2022 generally is same law, **In red when effective for this filing season**

New legislation- Energy security - credits

P. 473 & 4

- IRA § 13102 I.R.C. § 48 Clean Electricity Investment Credit
- Extended from 2024 certain energy property which will extend to 2035
Qualified property < energy storage technology, qualified biogas property & microgrid controllers
Increased cr. with prevailing wage & % apprentices
- IRA § 13103 I.R.C. § 48E Clean Electricity Investment Cr.
 - Increases energy cr. for solar and wind facilities with low-income communities or Indian land

New legislation – energy security – Home Improvement P. 474

- IRA § 13301 I.R.C. § 25C, Energy Efficient Home Improvement Credit thru 2032
 - Cr. extends, increases, and modifies nonbusiness energy property credit. Old law all of 2022

New legislation – energy security – Home 2023

P. 474

- IRA § 13301 I.R.C. § 25C, Energy Efficient Home Improvement Credit 2023 thru 2032
 - Annual limits 30% for 3 types of property on any US residence of TP =\$1,200 for total
 - \$600 for residential energy property- check statute
 - \$600 windows for all exterior windows & skylights
 - \$250 for a door, \$500 for all doors
 - \$2,000 heat pumps & biomass stoves boilers
 - \$150 energy audits

New legislation – energy security

P. 474

- IRA § 13302 I.R.C. § 25D Residential Clean Energy Credit - extended thru 12/31/32
 - 30% for **2022-32** solar & fuel cell
& adds qualified battery storage technology for 2023 - 2032

New legislation – energy security

P. 474

- IRA § 13303 I.R.C. § 179D, Commercial Building
 - Standards for the energy-efficient commercial buildings lowered to 25% for expensing for 2023.
 - Meet prevailing wage and apprenticeship requirements

New legislation – Energy Security — Builder of New Home

PP. 474-475

- IRA § 13304 I.R.C. § 45L, New Energy Efficient Home Credit
 - Increases & modifies the new energy efficient home credit thru 12/31/32.
- IRA § 13401 I.R.C. § 30D, **Clean vehicle credit**
 - Plug in electric vehicles & eliminate per-manufacturer limit after 2022
 - Standards for \$3,750 mineral requirements plus \$3,750 battery components.
 - Dealer must report data to IRS
Modifies the tax credit for clean vehicles
Final assembly in US

New legislation – Used Clean vehicle credit -2024

P. 475

- IRA § 13402 I.R.C. § 25E, Energy Security -Used vehicles
 - Allows tax credit for previously owned clean vehicles up to \$4,000.
 - AGI limits
 - Sales price must be \$25,000 or less & owned more than 2 years
 - Seller must be dealer
 - Buyer not dependent
 - Sunsets 2032
 - In 2024 can elect to transfer to dealers & IRS will make advance payment to dealers

New legislation – Qualified Commercial vehicles

P. 475

- IRA § 13403 I.R.C. § 45W, Cr. for Qualified Commercial Clean Vehicles
 - Allows credit for qualified commercial clean vehicles thru 2032.
 - Lesser of 15% of cost (30% if not gas or diesel) or incremental cost of vehicle
 - Up to \$7,000 if < 14,000 pounds
 - Up to \$40,000 for heavier vehicles
 - Mobile machinery (defined by IRC 4053(8) & qualified commercial fuel cells vehicles qualify
 - Meet manufacturers qualifications
 - Sunset 2032

Polling Question #3

1. Inflation Reduction Act deals with Energy Security for both individuals and businesses.
 - a. True
 - b. False

Polling Question #3

1. Inflation Reduction Act deals with Energy Security for both individuals and businesses.

a. True

b. False

Retirement Tax Issues- PP. 476-478

Substantial equal payments

- Notice 2022-6 I.R.C. § 72(t) Additional Tax on Early Distributions
 - IRS has provided updated guidance on when a distribution is a substantially equal periodic payment for purposes of avoiding the 10% additional tax on early distributions.
 - Actuary should determined payout of 5% floor on annuity payment

Retirement Tax Issues – \$ OF DISTRIBUTION

PP. 476-478

Reg-105954-20 I.R.C. §§ 401, 402, 403, 408, 457, 4974

Distributions to a Beneficiary [See 2022 New Developments SECURE Act 2.0](#)

- IRS has issued proposed regulations on required minimum distributions from qualified plans.
- Example 12.1 Determining Applicability of SECURE Act – One Beneficiary
- Example 12.2 Determining Applicability of SECURE Act – Multiple Beneficiaries

2022 NEW DEVELOPMENTS: CLASS2022 PASSWORD CLASS2022

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Sample Chapters from Past Workbooks

Chapter content sample provided below to evaluate the workbook's quality.

[Ch 12 on Business Entities \(2015\)](#)

[2022 Workbook Updates Posted 1/5/2023](#). (Corrections/developments since publication of 2022 workbook.) Please note: if you are using Chrome, you may have to save the file to your computer before opening.

Not in Book Notice 2022-53

2022 New Developments pg.19

- For **2021 & 2022**, Inherited IRA from which owner should have been required to take RMD,
No beneficiary owner will be penalized for NOT taking RMD per proposed regs.
- IRS published **Notice 2022-53**,
- modifications to inherited Defined Contribution plans & IRAs
- Year of death – RMD required by owner or estate

Not in Book Notice 2022-53

2022 New Developments pg. 19

- 2023 Beneficiary must take RMD per final regs to be issued
- IRS published **Notice 2022-53**,
- modifications to inherited Defined Contribution plans & IRAs
- Secondary beneficiary must take RMD if death of first beneficiary after 12.31.2019

Retirement Tax Issues - RMD

PP. 478-479

- T.D. 9930 I.R.C. § 401 Required Minimum Distributions
 - Revised life expectancy tables apply to calculate required minimum distributions in 2022.
 - Reset to longer life expectancy in **2022**
 - Example 12.3 Recalculating RMDs inherited IRA
 - LIFE WENT FROM 26.6 TO 28.6 on 12/31/xx balance

Effective Dates- check rules

- 1/1/2020 Secure Act 1.0 for beneficiary rules
- Employee 72 years of age born on or after 7/1/1949
- 5 sets qualified for longer (See last year's book)
- Employee drawing, Beneficiary SECURE, or second beneficiary

Omnibus Budget Reconciliation Secure Act 2.0 § 107

New Developments pg.19

- Required RMD as of 1/1/23 73 years birth date 1/1/1951
- Required RMD as of 1/1/33 75 years birth date 1/1/1958 by SECURE 2.0 §107
- Sec. 111 Small employer start up costs to join existing plan retroactively back to 12/31/2019

Omnibus Budget Reconciliation –Effective Date of Enactment

Secure Act 2.0 § 202 Not in new developments

- Qualified Longevity Annuity Contract QLAC
- From 25% or 135,000 contributed, \$200,000 for annuity purchased after enactment (adjusted for inflation)
- Can delay payment until 85, joint with spouse
- Details in T.D. 9673 2014-30
- Confusion over RMD, but only included when actually drawing

Omnibus Budget Reconciliation

Secure Act 2.0 § 311 Not in New Developments

- Adoption Credit adjustment distribution as of enactment, retroactively 3 years beginning on day after distribution received

Omnibus Budget Reconciliation

Secure Act 2.0 §127 – Appears optional

New developments §115 p.17

- Sec. 127 Emergency savings account linked to individual accounts
- Plan date not discussed, specific to employer
- Exceptions for penalty

Omnibus Budget Reconciliation

Secure Act 2.0 Sec. 301

- Recovery of retirement plan overpayment
- Fiduciary has latitude about not recouping, rollovers valid, or overpayments made earlier
-

Omnibus Budget Reconciliation

Secure Act 2.0 § 313 New Developments p15-16

- Sec. 313 Form 5329 assesses excise penalty for not taking RMD
- 3 year statute is from return filing date
- 6 years for excess contributions & bargain sales
- Effective as of date of enactment

Omnibus Budget Reconciliation

Secure Act 2.0 §326 New Developments p. 17

- Sec. 326 waives penalty on distributions from qualified plans if employee has terminal illness
- Effective for distributions after date of enactment
- Public safety waive penalties & eligible age per Sec. 329 & 330

Omnibus Budget Reconciliation

Secure Act 2.0 §331 New Developments p.18

- Sec. 331 Qualified federally declared disasters
- Permanently allows \$22,000 distributed from any plan,
- Home purchase \$ can be recontributed to plan
- Borrowing & repayment also adjusted
- Effective for distributions after 1/26/21
-

Conformity between types of plans

- Employer Plans
 - Defined benefit – fewer plans
 - Defined contributions – no guaranteed amount, but employee vested all \$, employer may match – §401(k)
 - Tax Sheltered Annuity - §403(b) fewer special rules, but tried to protect employee (see last year's book for catch up computation)
 - Government plan - §457 paid by employee
- SIMPLE & SEP blend of IRA & employer plan
- Employee Only – Individual Retirement Account

Polling Question #4

- 4. Does a non-qualified beneficiary have to take a distribution out over 10 years?
 - a. Yes
- b. No

Polling Question #4

- 4. Does a non-qualified beneficiary have to take a distribution out over 10 years?
 - a. Yes
 - b. No

Trusts and estates

PP. 481-482

- REG-118913-21 I.R.C. § 2010 Gifting
 - Proposed regulations would provide exception to rule that protects gifts made before 2026 if there is a lesser basic exclusion amount in the year of death.
 - Example 12.4 Includable Gift- Life insurance with Basic exclusion amount (BEA) of \$6,800,000

REG-130975-08 I.R.C. § 2053 Gifting

- Proposed regulations provide guidance on estate tax deductions.
- Present value discount of mortgages

Trusts and estates

PP. 482-483

- Rev. Proc. 2022-32
 - The IRS has provided a simplified method to obtain an extension of time to file an estate tax return to make the portability election. Be sure to follow directions. Claim will be rejected if Rev. Proc. Is not listed on the top of the return.
 - 5 years from the date of death