

2022 NATIONAL INCOME TAX WORKBOOK

CHAPTER 12: 2022 NEW AND
EXPIRING LEGISLATION



LEARNING OBJECTIVES AND INTRODUCTION

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Learning Objectives

- Advise clients about new legislation: late 2021 and in 2022
- Identify individual and business income tax exclusions, deductions, and credits that expire in 2022 and future years

Introduction

Tax legislation enacted late in 2021 and in 2022 affects a variety of tax provisions. This chapter first describes these new laws and regulations, including the Inflation Reduction Act of 2022, Pub. L. No. 117-169. This chapter also reports notices and procedures issued to provide guidance and clarifications on recently enacted legislation. Finally, this chapter lists the expiration dates of tax provisions that are set to expire in 2022–2031.

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

- The notice provides certain farmers and fishers with estimated tax penalty relief.

Notice 2021-55 I.R.C. § 1033 Involuntary Conversions

- This notice provides guidance regarding an extension of the replacement period under I.R.C. § 1033(e) for livestock sold on account of drought in specified counties.

BUSINESS ENTITY TAX ISSUES

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Inflation Reduction Act §§ 10101, 13904 I.R.C. §§ 55,56A, 59 Corporations

- The Inflation Reduction Act imposes a corporate alternative minimum tax on adjusted financial statement income of applicable corporations.

T.D. 9954 I.R.C. § 301 Corporations

- Updated regulations provide that the value of property distributed by a corporation to its shareholder is the fair market value of the property.

BUSINESS ENTITY TAX ISSUES

P. 464

Inflation Reduction Act §§ 10201 I.R.C. § 4501 Corporations

- The Inflation Reduction Act imposes an excise tax on the repurchase of stock by a covered corporation.

Office of Chief Counsel Memorandum 20221101F I.R.C. § 6033 Nonprofit

- The IRS Office of Chief Counsel advises that if a tax-exempt organization was not eligible to file Form 990-N but improperly submitted that form for 3 or more years, its tax-exempt status may be revoked, even if the IRS did not notify the organization of the nonfiling and pending revocation.

PASS-THROUGH ENTITIES

PP. 464-465

Schedules K-2 and K-3

- Pass-through entities with international tax items have to file Schedules K-2 and K-3.

BUSINESS TAX ISSUES

PP. 465-466

Inflation Reduction Act § 13902 I.R.C. § 41 Credits

- The Inflation Reduction Act increases the research credit against payroll taxes.

Infrastructure Investment and Jobs Act § 80604 I.R.C. § 3134 Credits

- Only a recovery startup business can claim the employee retention credit after the third quarter of 2021.

BUSINESS TAX ISSUES

PP. 466-467

Notice 2021-65 I.R.C. § 3134 Credits

- The 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

- The IRS has provided guidance that allows the taxpayer to treat the meal portion of a per diem rate as an expense for a restaurant meal that is eligible for the 100% deduction.

Question #1



Polling Question

BUSINESS TAX ISSUES

P. 467

Notice 2022-124 I.R.C. § 162 Deductions

- The IRS raised the standard mileage rates for the last two quarters in 2022; \$0.625 per mile.

Rev. Proc. 2022-13 I.R.C. § 7436 Employment Tax

- The IRS has issued guidance on requesting a review of an employment tax determination.

BUSINESS TAX ISSUES

P. 468

Rev. Proc. 2021-48 Income

This revenue procedure explains the 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

- This revenue procedure provides guidance for partnerships that received PPP loan forgiveness.

BUSINESS TAX ISSUES

P. 468-469

American Rescue Plan Act § 9674 I.R.C. § 6050W Information Reporting

- The payment transaction reporting threshold is lowered beginning in 2022. The 1099-K reporting threshold is \$600.

Inflation Reduction Act § 13903 I.R.C. § 461, Losses

- The disallowance of excess business losses is extended through 2028.

Question #2



Polling Question

BUSINESS TAX ISSUES

PP. 469-470

C.C.A. 202151005 I.R.C. §§ 469, 1402 Self-Employment Tax

- Characterization of an activity as a rental activity or a nonrental activity under the passive activity loss rules is not determinative of whether the income is subject to SE tax.

C.C.A. 202125009 I.R.C. § 6700 Due Diligence

- The IRS defines the types of fraudulent statements that can result in imposition of a penalty on a promoter of an abusive tax shelter.

INDIVIDUAL TAX ISSUES

P. 471

IRS FAQs and Fact Sheet 2021-218 I.R.C. § 24 Credits

- The IRS provided information on the 2021 child tax credit, and advance payments of the credit.

Inflation Reduction Act § 12001 I.R.C. § 36B Credits

- The Inflation Reduction Act extends the ARPA rules for the premium tax credit.

INTERNATIONAL TAX ISSUES

P. 471

T.D. 9959 I.R.C. §§ 901, 903, and other code sections

- Final regulations impose limits on the foreign tax credit.

IRS ISSUES

PP. 472-473

I.R. 2021-202 FAQs

- The IRS updated its process for issuing frequently asked questions.

Memorandum for Taxpayer Advocate Service Employees I.R.C. § 7803, I.R.M. § 13.1.7 Taxpayer Advocate Service

- A memorandum provides guidance on when the Taxpayer Advocate Service will accept cases under criteria 9, public policy.

Question #3



Polling Question

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.

NEW LEGISLATION

P. 473

Inflation Reduction Act § 13101 I.R.C. § 45 Energy Security

- The Inflation Reduction Act extends and modifies the credit for electricity produced from certain renewable resources.

Inflation Reduction Act § 13102 I.R.C. § 48, Energy Security

- The Inflation Reduction Act extends and modifies the energy credit.

NEW LEGISLATION

P. 474

Inflation Reduction Act § 13103 I.R.C. § 48 Energy Security

- The Inflation Reduction Act increases the energy credit for solar and wind facilities in connection with low-income communities.

Inflation Reduction Act § 13301 I.R.C. § 25C, Energy Security

- The Inflation Reduction Act extends, increases, and modifies the nonbusiness energy property credit.

NEW LEGISLATION

P. 474

Inflation Reduction Act § 13302 I.R.C. § 25D Energy Security

- The residential clean energy credit is extended.

Inflation Reduction Act § 13303 I.R.C. § 179D, Energy Security

- The Inflation Reduction Act lowers the standards for the energy-efficient commercial buildings deduction.

NEW LEGISLATION

PP. 474-475

Inflation Reduction Act § 13304 I.R.C. § 45L, Energy Security

- The Inflation Reduction Act extends, increases, and modifies the new energy efficient home credit.

Inflation Reduction Act § 13401 I.R.C. § 30D, Energy Security

- The Inflation Reduction Act modifies the tax credit for clean vehicles.

NEW LEGISLATION

P. 475

Inflation Reduction Act § 13402 I.R.C. § 35E, Energy Security

- There is a tax credit for previously owned clean vehicles.

Inflation Reduction Act § 13403 I.R.C. § 45W, Energy Security

- There is a credit for qualified commercial clean vehicles.

RETIREMENT TAX ISSUES

PP. 476-478

Notice 2022-6 I.R.C. § 72 Additional Tax on Early Distributions

- The 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.

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

- The 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

RETIREMENT TAX ISSUES

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.
- Example 12.3 Recalculating RMDs

TAX PRACTICE AND PROCEDURE

PP. 479-481

Rev. Proc. 2022-12 Filing

- This revenue procedure provides simplified filing procedures for individuals who are not otherwise required to file federal income tax returns for tax year 2021 to claim the child tax credit, the 2021 recovery rebate credit, and to claim the earned income credit.
- Practitioner Note: Time to File for 2021

P.M.T.A. 2022-005 I.R.C. §§ 6651, 6652

- A filer who submits paper returns when required to file electronically is subject to penalties.

TRUSTS AND ESTATES

PP. 481-482

REG-118913-21 I.R.C. § 2010 Gifting

- Proposed regulations would provide an exception to the 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

REG-130975-08 I.R.C. § 2053 Gifting

- Proposed regulations provide guidance on estate tax deductions.

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.

WITHHOLDING AND ESTIMATED TAXES

PP. 483-484

COVID Tax Tip 2021-99

- The IRS provided guidance for submission of deferred social security taxes when an employer uses a third-party payer.

P.M.T.A. 2021-07 Coronavirus Aid, Relief, and Economic Security Act (CARES Act) §2302(a)(2); I.R.C. § 6656

- Failure to pay a portion of deferred employment taxes invalidates the deferral and the failure-to-deposit penalty may be applicable to the entire deferred amount.

WITHHOLDING AND ESTIMATED TAXES

P. 484

C.C.A. 202129007

- A taxpayer can instruct the IRS to allocate a quarterly federal tax deposit to a specific payroll.

Notice 2021-53 Families First Act; I.R.C. §§ 3131, 3132

- The IRS issued guidance for employers reporting 2021 qualified sick and family leave wages.

WITHHOLDING AND ESTIMATED TAXES

P. 485

T.D. 9953 I.R.C. §§ 3131, 3132, 3134

- Excess employment tax refunded under ARPA is an erroneous refund.

TABLE OF EXPIRATION DATES

P. 486-488

This section lists tax provisions that expired in 2022, will expire in 2023 to 2031, or have recently been made permanent. **Figure 12.1** is based on a list prepared by the staff of the Joint Committee on Taxation.

See Figure 12.1 Expiration Dates of Tax Provisions

Question #4



Polling Question

QUESTIONS ??

THANK YOU

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