



# 2023 WICPA TAX CONFERENCE

YOUR SOURCE FOR KEY UPDATES & INSIGHTS ON TIMELY ISSUES

## HIGHLIGHTED TOPICS:



### FEDERAL TAX UPDATE

Find out how to be prepared for the upcoming filing season challenges, receive useful strategies for the yearend tax planning and tax return preparation process



### IRS UPDATE

Get the latest IRS updates, including new tools and programs all CPAs should be aware of, as well as the current status of IRS operations



### PREPARING FOR SUNSET

Learn about the criticality of planning for the sunset of the TJCA as it relates to the enormous rewards for thinking ahead and the consequences of failing to do so

**THURSDAY, NOV. 2 & FRIDAY, NOV. 3**  
**BROOKFIELD CONFERENCE CENTER & WICPA CPE LIVESTREAM**

## MATERIALS AT A GLANCE

The following materials are from the Thursday morning sessions of the 2023 WICPA Tax Conference held on Thursday, Nov. 2 & Friday, Nov. 3, including:

- Federal Tax Update Part I
- Federal Tax Update Part II



# HELPING INNOVATIVE COMPANIES & CPA FIRMS



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“Every Monday we run a bunch of reports, distribute them and then use them to report on individual performance, It’s nice to be able to share that data in real-time so that our associates are ‘living’ it every day, versus waiting for a report.”

Frank Vinopal  
CPA, Partner, MBE CPAs

“The reporting and dashboards in PracticeERP save me 5 hours a week. I can keep the reports and customize them to each partner’s specifications. It is a gamechanger having real time data at the click of a button.”

Kali Burmester  
Tax Manager, MBE CPAs

“In the accounting world, predicting future revenues is difficult. With PracticeERP, we have the ability to track clients through CRM, and then have a dashboard of predicted upcoming revenue based on new clients added or lost, is huge.”

Tim Moy  
CPA, CGMA, Managing Partner MBE CPAs

“I like that time entry and workflow are all in one system as well as the fact that PracticeERP is customizable. Monitoring projects on the dashboards has helped make workflow and keeping tabs on your workload way easier.”

Dilyana Feneva  
Assurance Services Manager, MBE CPAs

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\*based on 2020 Client Retention Rates

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TheSalesTaxTeam.com

# YOUR TRUSTED TAX SOLUTION

The Tax Section of von Briesen & Roper, s.c. is your resource for tax situations ranging from the traditional to the most complex including: State and Federal Voluntary Disclosures, FBAR/Foreign Asset Disclosures, Transfer Pricing, Property Tax Exemption Requests, Employee Classification Issues and State Tax Nexus Studies. Our knowledge and experience have positioned us to be your trusted solution on unique tax matters. *The bottom line? We get results.*

To learn more about our Tax Section, please contact Daniel Welytok at [daniel.welytok@vonbriesen.com](mailto:daniel.welytok@vonbriesen.com).



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## YOU have the opportunity to impact thousands of students and educators in Wisconsin.

Through your contribution to the WICPA Educational Foundation, you can help us reach students and educators in high school and college to create awareness about the accounting profession.

As the end of 2023 draws near and you are thinking about tax planning, consider donating to the WICPA Educational Foundation.

*Questions?* Contact Tammy J. Hofstede, WICPA President and CEO at [tammy@wicpa.org](mailto:tammy@wicpa.org).

To contribute, visit [wicpa.org/EF](http://wicpa.org/EF).



WICPA Educational  
FOUNDATION

## Join the WICPA Educational Foundation Board!

The WICPA Educational Foundation is seeking members to serve on its board of directors.



### Some of the opportunities include:

- Assisting in efforts to attract students to the profession.
- Providing strategic governance in accordance with the WICPA Educational Foundation mission.
- Acquiring new leadership skills.

The WICPA Educational Foundation plays a pivotal role in supporting programs to improve awareness and perceptions by educating students and educators about the exciting opportunities available to accounting professionals.

To apply, visit [wicpa.org/EFBoardApplication](http://wicpa.org/EFBoardApplication) through Feb. 28, 2024. ▶ **Questions?** Contact [tammy@wicpa.org](mailto:tammy@wicpa.org).

# TRACK YOUR CPE WITH THE WICPA'S CPE TRACKER

The CPE Tracker is an easy to use tool created to keep track of all your CPE in one convenient location.

- Automatically tracks WICPA formal learning activities
- Add any non-WICPA CPE courses
- Print reports for any reporting period

To get started, visit  
[wicpa.org/cpetracker](http://wicpa.org/cpetracker)



## Join the WICPA Board of Directors!

The WICPA is seeking members to serve on its board of directors.

### Opportunities include:

- Staying up to date on professional issues
- Providing strategic governance in accordance with the WICPA strategic plan, mission and vision
- Acquiring new leadership and training skills



To apply, visit  
[wicpa.org/BoardApplication](http://wicpa.org/BoardApplication)  
through Nov. 15, 2023.

### Questions?

Contact [tammy@wicpa.org](mailto:tammy@wicpa.org).

Applicants must be WICPA CPA members in good standing. A "CPA member" is defined as a WICPA member who has obtained a certificate as a CPA from the Accounting Examining Board of the State of Wisconsin, or from a similar legally constituted authority in any other state, possession or territory of the United States or the District of Columbia.

# VOLUNTEER

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NOVEMBER 2023

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FOR AN EXCELLENCE AWARD!**

View categories and submit your nomination at  
[wicpa.org/awards](http://wicpa.org/awards) by Nov. 10, 2023.

Recipients will be announced in January and honored at the  
Member Recognition Banquet & Annual Business Meeting on May 9, 2024.



8:15 – 9:45 a.m. and 10 – 11:30 a.m.

# Federal Tax Update Part I & Part II

**Doug Van Der Aa, CPA, JD, *President, Van Der Aa Tax Education***

# 2023 Federal Tax Update



## 2023 Federal Tax Update

Materials developed and presented by:  
**Douglas J. Van Der Aa, CPA, JD**  
Grand Rapids, Michigan

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## Meet Doug Van Der Aa



**Doug Van Der Aa** is a lively and energetic speaker – especially on the subject of taxes and ethics. He has been a highly rated speaker and seminar leader for CPA Associations and other organizations throughout the country for more than 18 years.

Doug has over 25 years of professional experience, including tax practice in CPA firms and the practice of transactional business and real estate law as an attorney. As a CPA, Doug’s practice concentrated on the tax needs of closely held businesses, with their related pass-through entities, complex individual returns, estates and trusts.

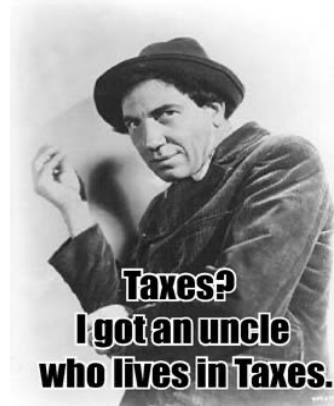
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# 2023 Federal Tax Update

## Course Development Resources

- ❖ The author gratefully acknowledges **RIA Checkpoint** for use of certain materials included in this presentation.
- ❖ Additional materials are adapted from various authoritative pronouncements of the IRS.
- ❖ The opinions expressed within, however, are solely the responsibility of the author.



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## Learning Objectives



- ❖ Highlight significant tax changes impacting 2023 and 2024 returns, including:
  - **American Rescue Plan Act of 2021**
  - **Inflation Reduction Act**
- ❖ Discuss the latest **proposed** tax legislation impacting individual and business taxpayers.
- ❖ Provide practical suggestions to help save taxes in today's **extremely** uncertain tax environment.

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# 2023 Federal Tax Update

## Are You Ready for Tax Planning?

*There are lots of opportunities to begin the tax planning conversation!*

Understanding last years return is a great starting point!



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## Employee Retention Credit

In **Notice 2021-49** IRS applied the related party rules to hold that if the majority owner of a business has any living relatives (other than a spouse) then the owner's wages are **NOT** eligible for the ERC!



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## Employee Retention Credit

*Only in the rare situation when the majority owner does not have any living relatives can you use the owner's wages for claiming the ERC*



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## Employee Retention Credit

In light of **Notice 2021-49** you should **consider** amending previously filed ERC claims if you included the majority owner's compensation in the calculation!



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# 2023 Federal Tax Update

## Employee Retention Credit

FYI – the ERC statute of limitations is open for **5 years!**

*(Not the usual 3)*



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## Employee Retention Credit

There are a lot of people hustling Employee Retention Credit Claims.

Offering to file amended 941s claiming the credit  
In exchange for a percentage of the refund.



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# 2023 Federal Tax Update

## Employee Retention Credit



Department of Employee Retention Credit  
Accelerate Tax Notice  
New York, NY 10009

Notice: ERIC Employee Retention Credit  
Notice Date: 01/13/23  
Business Name: [REDACTED]  
Proprietor: [REDACTED]  
To contact us: 877.515.4433  
Your Callor ID: 1026452  
Page 1 of 1

Contact us 877.515.4433  
(Mon-Fri 8am-5pm EST)

Your notice of pending Employee Retention Tax Credit  
**Amount of estimated Tax Credit: \$468,000**

We are attempting to provide you with an ERC refund estimate that has been instituted by Congress to compensate your business losses due to the COVID-19 pandemic. Please call us immediately to verify your ERC refund estimate.

ERC Estimate Summary	
Business name	[REDACTED]
Estimated tax refund	\$468,000
Estimated employee count	18
Quarterly loss estimate	Pending
Total estimated tax refund due	\$468,000

\*Eligibility for all businesses that were affected by COVID-19  
\*Estimated Tax Credit of up to \$26,000 per employee  
\*No restrictions on use of tax refund  
\*Past PPP loan does not affect ERC tax refund

Tax Refund [REDACTED]

Notice: ERIC Employee Retention Credit  
Notice date: 01/13/23  
SIC Code: [REDACTED]

Tax refunds may be paid in a series of payments made out to [REDACTED] and qualifying businesses may receive their refunds in as little as 5 business days.

Amount of estimated tax credit: **\$468,000**

Department of Employee Retention Credit  
New York, NY 10009

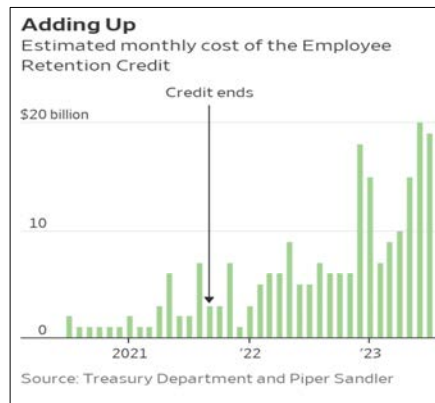
Contact us 877.515.4433  
(Mon-Fri 8am-5pm EST)

366 55553 889335 33109 3578

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## Employee Retention Credit

**According to the Wall Street Journal, the total cost of the ERC is already 3x Congress' original estimate**



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# 2023 Federal Tax Update

## Employee Retention Credit

- ❖ On September 14, the IRS announced an immediate Moratorium on the processing of **new** ERC claims through at least the end of the year.
  - No new claims will be processed until early 2024



Department of the Treasury  
**Internal Revenue Service**

Existing claims will be processed, but with **detailed compliance reviews**

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## New IRS Eligibility Flowchart

### Part A: Checking your eligibility

This chart can help a business or other organization quickly decide if they may qualify for the Employee Retention Credit. This is a very technical area of the law, but this chart includes the main eligibility factors. Answer these questions in numerical order to see if you may be eligible to claim the ERC.

Eligibility questions	Next steps
1. Did you have employees and pay wages to them between March 13, 2020, and December 31, 2021? For more info, see <a href="https://www.irs.gov/ercqualified">irs.gov/ercqualified</a>	<ul style="list-style-type: none"> <li>• If yes, go to #2.</li> <li>• If no, you aren't eligible to claim the ERC. If you improperly claimed ERC, see Part C.</li> </ul>
2. During that time, were you: <ul style="list-style-type: none"> <li>• A self-employed individual who didn't have employees?</li> <li>• A household employer?</li> </ul>	<ul style="list-style-type: none"> <li>• If yes to either question, you aren't eligible to claim the ERC. If you improperly claimed ERC, see Part C.</li> <li>• If no, go to #3.</li> </ul>
3. Did your trade or business experience a significant decline in gross receipts during the eligibility periods during 2020 or the first three calendar quarters (Jan. through Sept.) of 2021?  For more info and examples, see the ERC frequently asked questions: <a href="https://www.irs.gov/ercdecline">irs.gov/ercdecline</a>	<ul style="list-style-type: none"> <li>• If yes, you may be eligible for the ERC. You will need to confirm that your decline in receipts meets requirements. See the ERC frequently asked questions: <a href="https://www.irs.gov/ercdecline">irs.gov/ercdecline</a>. If you meet the requirements, skip to Part B.</li> <li>• If no, go to #4.</li> </ul>
4. Were you a recovery startup business? That's	<ul style="list-style-type: none"> <li>• If yes, you may be eligible for the ERC, but you</li> </ul>

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# 2023 Federal Tax Update

## Employee Retention Credit Audits are Beginning!



A hand holding a blue marker, writing the word "AUDIT" in large, blue, capital letters on a white surface. A horizontal blue line is drawn under the word.

10:16

Ed Zollars, CPA Retweeted

**Dan Chodan** @dancho... · 13m

Replying to @cbriancpa

This is an unbelievable level of audits right here.

accounting TODAY

Tax professionals have been seeing clients with legitimate claims also coming under suspicion. The Top 100 Firm Sikich hosted a program earlier this month for financial clients to give an A-to-Z rundown of employee retention credit rules and regulations. It heard a stunning admission from attendees that day during a poll of the participants. Sikich learned a whopping 96% of the attendees who have already applied for and received their company's ERC-related refund now are targets of a nationwide IRS crackdown. IRS audits are underway on 135 of 140 attendees' refund claims. In addition, 58% of respondents said they are being approached daily or weekly by ERC providers offering "claim


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## Employee Retention Credit Audits are Beginning!



A hand holding a blue marker, writing the word "AUDIT" in large, blue, capital letters on a white surface. A horizontal blue line is drawn under the word.

Department of the Treasury  
Internal Revenue Service  
SBSSE / Employment Tax  
11 SW 1st Avenue, Stop 4448  
Miami, FL 33130

Date: 04/04/2023  
Taxpayer ID number: [REDACTED]  
Form: 941X  
Tax periods: Years 2020, 2021  
Person to contact: [REDACTED]  
Employer ID number: [REDACTED]  
Contact phone number: [REDACTED]

Dear [REDACTED]:

Your employment tax return for the year(s) or period(s) shown above has been selected for examination. I have scheduled the following appointment to meet with you regarding this examination.

Date: 05/04/2023 Time: 9:30 am

Place: Interview will be conducted by phone.

**What you need to do**  
Please call me on or before 5/02/2023, to confirm this appointment. You can reach me at the number shown above between the hours of 8:00 am to 4:00 pm. If this date and time is not convenient, please give me a call so that we can schedule a more convenient time.

We understand that the COVID-19 pandemic may present challenges that could impact your ability to effectively prepare for an examination. During our conversation we can discuss any concerns or questions you may have.

To reduce the amount of time spent on this examination, please have available the items listed on the attached Form 4564, Information Document Request, at our scheduled appointment. During our telephone conversation, we will talk about these items so if you have questions, feel free to ask.

**Someone can represent you**  
You may have someone represent you during any part of this examination. If you want someone to represent you, please provide me with a completed Form 2848, Power of Attorney and Declaration of Representative, or Form 8821, Tax Information Authorization, at our first meeting or mail it to me prior to our first appointment. You can get these forms from our office, from our web site at [www.irs.gov](http://www.irs.gov), or by calling 800-TAX-FORM (800-829-3676). If you decide you want to have someone represent you after the examination has started, we will delay further examination activity until you are able to secure representation.

**Your rights as a taxpayer**  
We have enclosed Publication 1, Your Rights as a Taxpayer, and Notice 609, Privacy Act Notice. We encourage you to read the Declaration of Taxpayer Rights found in Publication 1. This publication discusses general rules and procedures we follow in examinations. It explains what happens before, during, and after an examination, and provides additional sources of information.

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# 2023 Federal Tax Update

## Employee Retention Credit Audits are Beginning!




Please provide the following documentation as it pertains to the 2020 and 2021 employment tax examination discussed on Letter 3850. To facilitate the examination process, please provide documents by the date and method listed below (Excel, or Word are preferred) for the tax credit claimed with a cover sheet explanation in the same order requested below:

1. Copy of worksheets and/or reconciliation used to compute the credits and other amounts included on the employment tax returns (each form 941X) related to the credits.
2. Copy of the original F941 for 3<sup>rd</sup> quarter year 2020 ending September 30, 2020.
3. A list of employees who were paid wages for which the Employee Retention Credit was claimed.
4. Whether any of the employees who received wages included in the Employee Retention Credit are related individuals.
5. The date and amount of wages paid to each employee for which the Employee Retention Credit was claimed.
6. For large employers, documentation on how the employer determined that the employees were not providing services.
7. Documentation that the business was eligible to claim the Employee Retention Credit (whichever of the following is applicable):
  - a) Documentation with the dates that operations were fully or partially suspended due to orders from an appropriate governmental authority limiting commerce, travel, or group meetings (for commercial, social, religious, or other purposes) due to COVID-19 or a supply chain disruption caused a suspension. Provide a copy of any governmental order in effect during the period July 1, 2020, through September 30, 2020, highlighting the specific provisions of the governmental order causing the full or partial suspension of business operations. (Do not include recommendations by governmental or other authorities or other statutes, orders or other documents that are not related to COVID-19.)
  - b) Documentation that you experienced a significant decline in gross receipts during the calendar quarter for which the Employee Retention Credit was claimed. Provide a complete copy of financial or earning statements detailing the gross receipts for the 3<sup>rd</sup> quarter of 2020 ending September 30, 2020, as well as for the taxable quarter ending December 31, 2020, March 31, 2021, June 30, 2021, and September 30, 2021. Provide the name(s) of the effected employees, and the amount of wages paid to each worker for each date of the decline in gross receipts.
  - c) Documentation that is a recovery startup business during the calendar quarter for which the Employee Retention Credit was claimed.
8. U.S. Income Tax Return for a Corporation for 2020 and 2021, for information only.
9. Copies of consolidated employment tax returns, and Forms W-2 for related entities (if the business is a member of an aggregated group) for information only.
10. Form 1040, U.S. Individual Income Tax Return for all officers and shareholders for 2020 and 2021. (Include all Schedules), for information only.
11. Copies of State Unemployment Tax Returns for the tax year(s) 2020 and 2021. (all 4 quarters – for information only).
12. Copies of all prior audit reports relating to income or employment by any Federal or State Agencies.

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## Employee Retention Credit Audits are Beginning!



Form 4564	Department of the Treasury-Internal Revenue Service	Request Number: 01
INFORMATION DOCUMENT REQUEST		
To: Name of Taxpayer and Company, Division or Branch	Subject: ET Exam: F941X Years 2020 and 2021	
EIN number:	Submitted to:	
Dates of Previous Requests:		

**Description of documents requested**

13. Are any of the employees who were paid employee retention wages related individuals to a shareholder owning 50 percent of the capital and profits interests in the entity? If yes, please provide name of the employee or employees.
14. Documentation whether the business received forgiveness of a PPP loan (if applicable).
15. Copy of the employer's forgiveness letter received from loan provider and/or SBA (if applicable).
16. Documentation related to any PPP loans and related forgiveness including what wages were included on that loan application. (Include a comparison to show which employee wages made up the PPP loans and which employee wages made up the Employee Retention Credits to ensure there was no overlap).

Information Due by **5/04/2023** at    Next Appointment:  Mail in or E-FAX

**Additional records may be request as the examination progresses.**

The applicable corporate officer(s) and shareholder(s) should be present on 05/04/2023, at the initial appointment to answer specific questions about the business operations as well as their specific duties and responsibilities.

If you have any questions, concern about documents requested, please call me at 305-982-5153. The requested documentation may be faxed, mailed, or emailed. See below for instructions.

- For **faxes**, please fax the requested information directly to me at (877) 658-9020.
- For **documentation** you wish to **mail**, please send to the following address:  
Internal Revenue Service  
51 SW 1<sup>st</sup> Avenue, STOP 4448  
Miami, FL 33130
- For **emails**, please send to [ana.perdomo@irs.gov](mailto:ana.perdomo@irs.gov)

**NOTE:** The choice to transmit documents via email is solely that of the taxpayer.

All documents sent via unencrypted email over the internet are not secure. If you choose to send information via email, your emails should only contain minimal identifying information in the subject line and body of the email. The email with attachments to transmit the documents should use password-protected encrypted attachments via Secure Zip or another encryption. The acceptable document types of files must be tiff, jpg, jpeg, pdf, Microsoft Office suite, or Zip. Prior to sending documents to Revenue Agent, please contact by telephone and provided password. Do NOT email password in a separate email.

The taxpayer or representative should include a statement, either in the form of an attached cover letter or within the body of the email to the effect, "The attached [name of document] includes [name of taxpayer]'s valid signature and the taxpayer intends to transmit the attached document to the IRS."

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# 2023 Federal Tax Update

## As are the Criminal Prosecutions!

*The IRS is ramping up enforcement and prosecution...*

Case 2:23-cr-00128-WSH Document 3 Filed 06/20/23 Page 1 of 8

B177

IN THE UNITED STATES DISTRICT COURT  
FOR THE WESTERN DISTRICT OF PENNSYLVANIA

UNITED STATES OF AMERICA	)	Criminal No. 2:23-cr-128
v.	)	(18 U.S.C. §§ 1349 and 1344(1))
MATTHEW LLOYD PARKER JR.	)	[UNDER SEAL]
VIRGINIA R. HUMPHRIES	)	

**FILED**  
JUN 20 2023  
CLERK U.S. DISTRICT COURT  
WEST. DIST. OF PENNSYLVANIA

**INDICTMENT**

The grand jury charges:

**INTRODUCTION**

At all times material to this Indictment:

1. Defendant MATTHEW LLOYD PARKER JR. (hereafter, "PARKER") was a certified public accountant licensed in the state of Michigan, and was a resident of Detroit, Michigan. PARKER also owned and operated a company located in Detroit, Michigan called "Apollos Management Group, LLC" (hereafter "Apollos").
2. Defendant VIRGINIA R. HUMPHRIES (hereafter, "HUMPHRIES") was a resident of Pittsburgh, Pennsylvania, in the Western District of Pennsylvania and was a small business owner offering credit repair services.
3. Both PARKER and HUMPHRIES solicited, prepared, and applied for pandemic related funds through the Paycheck Protection Program for themselves and for companies located primarily in Pittsburgh and Detroit.

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## Employee Retention Credit

- ❖ The IRS is working on a special Withdrawal option for those who have filed a questionable ERC claim
- ❖ And a settlement program for businesses to return improper ERC payments



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# 2023 Federal Tax Update

## Employee Retention Credit

The IRS is rolling out a process for reporting of abusive “ERC mills”

Form <b>14242</b> (October 2016)	Department of the Treasury - Internal Revenue Service <b>Report Suspected Abusive Tax Promotions or Preparers</b>	OMB Number 1545-2219
<small>Use Form 14242 to report a suspected abusive tax avoidance scheme and/or tax return preparers who promote such schemes. More information about tax avoidance schemes is available at <a href="http://www.irs.gov/scams">www.irs.gov/scams</a>. <b>CLAIM FOR REWARD:</b> To claim a reward for providing this information to the IRS, file Form 211, Application for Reward for Original Information.</small>		
<small>Answer the following questions as accurately as possible. Fields on this form have been designed to expand as additional information is entered.</small>		
1. Describe the suspected tax scheme being promoted		
2. How did you become aware of the promotion or promoter (e.g., seminar, internet, email, TV, flyer, newspaper, magazine, friend, relative, etc.)		
3. When did you first learn about the tax promotion (mm/dd/yyyy)		
4. Promoter/Preparer information (if more than one promoter/preparer is involved, provide information on all) Name of Promoter(s)/Tax Preparer(s)		

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## \$1T Bipartisan Infrastructure

### Infrastructure Investment and Jobs Act

**NOT (really) a Tax Act !**

- ❖ Employee Retention Credit
- ❖ Crypto-asset Reporting
- ❖ Disaster Relief
- ❖ Miscellaneous



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# 2023 Federal Tax Update

## \$1T Bipartisan Infrastructure

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### Cryptocurrency Reporting

Currently, covered Securities Brokers must report customers names, addresses, adjusted basis and ST or LT gain or loss



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## \$1T Bipartisan Infrastructure

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### Cryptocurrency Reporting



The Infrastructure Act extends the definition of **broker** to “any person who (for consideration) is responsible for regularly providing any service affecting transfers of **digital assets** on behalf of another person.”

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# 2023 Federal Tax Update

## \$1T Bipartisan Infrastructure

### Cryptocurrency Reporting

A **digital asset** is “any digital representation of value which is recorded on a cryptographically secured distributed ledger or any similar technology as specified by the” IRS.



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## \$1T Bipartisan Infrastructure

### Cryptocurrency Reporting



- ❖ The beginning date for basis tracking was ~~January 1, 2023~~
- ❖ 1099-B reporting would start for ~~2023~~
- Returns required to be filed after December 31, ~~2023~~
  - *Filed in ~~2024~~ for ~~2023~~ activity*

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# 2023 Federal Tax Update

## \$1T Bipartisan Infrastructure

### Cryptocurrency Reporting



*In Announcement 2023-2 the IRS provided transitional guidance:*

- It intends to publish regulations, accept public comments, and issue final regulations
- Brokers may report gross proceeds and basis as required under existing law and regulations as of December 23, 2022
- Brokers will not be required to report or file returns on dispositions of transfers of digital assets until final regulations are issued

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## \$1T Bipartisan Infrastructure

### Proposed Regs. Issued August 25

- ❖ The beginning date for basis tracking is January 1, **2025**
- ❖ 1099-B reporting would start for **calendar 2025**
  - *Filed in 2026 for 2025 activity*



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# 2023 Federal Tax Update

## \$1T Bipartisan Infrastructure

### Cryptocurrency Reporting

Digital assets will now be treated as **cash** for Code Section 60501(a) purposes

- Requiring reporting anytime you (a trade or business) receive more than \$10,000 in **cash/digital assets**
  - *Returns and statements filed after December 31, 2023*

## Form 8300 and Reporting Cash Payments of Over \$10,000

IRS Form **8300** (Rev. August 2014) Department of the Treasury Internal Revenue Service

**Report of Cash Payments Over \$10,000 Received in a Trade or Business**

FinCEN Form **8300** (Rev. August 2014) OMB No. 1506-0018 Department of the Treasury Financial Crimes Enforcement Network

► Use this form for transactions occurring after August 29, 2014. Do not use prior versions after this date. For Privacy Act and Paperwork Reduction Act Notice, see the last page.

1 Check appropriate box(es) if: a  Amends prior report; b  Suspicious transaction.

**Part I Identity of Individual From Whom the Cash Was Received**

2 If more than one individual is involved, check here and see instructions

3 Last name 4 First name 5 M.I. 6 Taxpayer identification number

7 Address (number, street, and apt. or suite no.) 8 Date of birth (see instructions) M M D D Y Y Y Y

9 City 10 State 11 ZIP code 12 Country (if not U.S.) 13 Occupation, profession, or business

14 Identifying document (ID) a Describe ID ► b Issued by ► c Number ►

**Part II Person on Whose Behalf This Transaction Was Conducted**

15 If this transaction was conducted on behalf of more than one person, check here and see instructions

16 Individual's last name or organization's name 17 First name 18 M.I. 19 Taxpayer identification number

20 Doing business as (DBA) name (see instructions) Employer identification number

# 2023 Federal Tax Update

## Form 8300 and Reporting Cash Payments of Over \$10,000

**“Generally, if you're in a trade or business and receive more than \$10,000 in cash in a single transaction or in related transactions, you must file Form 8300.**

The Form 8300, Report of Cash Payments Over \$10,000 in a Trade or Business, provides valuable information to the Internal Revenue Service and the Financial Crimes Enforcement Network (FinCEN) in their efforts to combat money laundering. Money is "laundered" to conceal illegal activity, including the crimes that generate the money itself, such as drug trafficking, tax evasion and terrorist financing.”

<https://www.irs.gov/businesses/small-businesses-self-employed/form-8300-and-reporting-cash-payments-of-over-10000>

## Form 8300 and Reporting Cash Payments of Over \$10,000

### When to File

You must file Form 8300 by the 15<sup>th</sup> day after the date the cash transaction occurred.

Besides filing Form 8300, you also need to provide a written statement to each party whose name you included on the Form 8300 by January 31 of the year following the reportable transaction. This statement must include the name, address, contact person and telephone number of your business and the aggregate amount of reportable cash. The statement must also indicate that you provided this information to the IRS.

Civil and criminal penalties may apply if you fail to file Form 8300 and provide a written statement to each person named on Form 8300. Penalty amounts are adjusted annually for inflation.



# 2023 Federal Tax Update

## Form 8300 and Reporting Cash Payments of Over \$10,000

### How to File

**Electronic filing.** E-filing is a free, quick, and secure method for filing Forms 8300. You may electronically file Forms 8300 using FinCEN's [BSA E-Filing System](#). You'll receive an electronic acknowledgement of each submission. For more information about Form 8300 e-filing, see the [FinCEN news release](#) announcing electronic filing.

Effective April 8, 2019, Form 8300 filers have the option to batch file their reports as opposed to discrete filing. Batch filing is for businesses that file a high number of Forms 8300 at a time. The BSA E-Filing System includes batch processing functionality in XML format. Find more information on batch filing in hot topics and quick links on the [BSA E-Filing System](#), including:

- FinCEN's announcement of XML batch processing for FinCEN Form 8300.
- 8300 XML batch processing technical webinar and
- FinCEN 8300 XML filing requirements.

**File by mail.** You may mail Form 8300 to the IRS at: Detroit Federal Building, P.O. Box 32621, Detroit, Michigan 48232.

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## Form 8300 and Reporting Cash Payments of Over \$10,000

- ❖ On August 30 the IRS announced that Businesses **must e-file** Form 8300 beginning in 2024
- ❖ Applies to any business required to file at least 10 information returns
  - Of any type other than 8300s
- ❖ Set up an Account with FinCen's BSA E-Filing System

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# 2023 Federal Tax Update

## Beware (Previously) Unreported Income!

Form 1099-K (Rev. 1-2022) Payment Card and Third Party Network Transactions. The form includes fields for PAYER'S TIN, Gross amount of payment, Merchant category code, and Federal income tax withheld. It also has checkboxes for reporting payment card and third party network transactions.

- ❖ Previously the threshold to report third party network transactions was \$20,000/200 transactions a year.
- ❖ Under the American Rescue Plan this was dropping down to **\$600** a year for 2022!
  - Regardless of the number of transactions

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## 1099-K Reporting

On December 23 the IRS announced a one-year delay



- ❖ Treating 2022 as a transition period
- ❖ Notice 2023-10

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# 2023 Federal Tax Update

## 1099-K Reporting

**When (if?) this takes effect I suspect it is going to bring a lot of activity to light**

- ❖ Gig work
- ❖ Side Hustles
- ❖ Vacation homes & condo rentals
- ❖ Air BNB
- ❖ Roommates
- ❖ Non taxable personal stuff.....

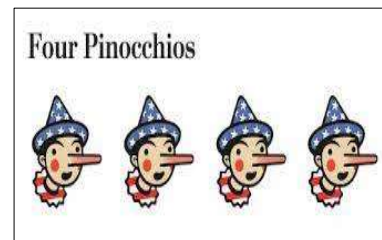


37

## BBB - Bank Account Reporting

***The IRS was pushing (hard) to require financial institutions to report to the IRS the total amount of deposits and withdrawals over \$600/\$10,000***

- ❖ Purportedly this would help the IRS focus on **wealthy** tax evaders
- ❖ **No**, This is all about targeting Schedule C, E and F filers



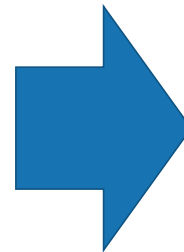
38



## BBB - Bank Account Reporting

*The IRS was pushing (hard) to require financial institutions to report to the IRS the total amount of deposits and withdrawals over \$600/\$10,000*

- Purportedly this will help the IRS focus on **wealthy** tax evaders
- *How in the heck do they think they're going to match up all the bank and other financial accounts of "rich" people?*



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FINANCIAL CRIMES



ENFORCEMENT NETWORK

## Corporate Transparency Act

BENEFICIAL OWNERSHIP REPORTING

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## Corporate Transparency Act



- Enacted as part of the National Defense Authorization Act for Fiscal 2021, it amends the Bank Secrecy Act to require reporting of **Beneficial Ownership**
- The CTA requires many (most) business entities to report their “Beneficial Owners” and “Company Applicants” to the US Treasury Financial Crimes Enforcement Network (“FinCEN”)

## Inflation Reduction Act

**Signed by President Biden on August 16, 2022**



# 2023 Federal Tax Update

## Inflation Reduction Act

### *Key provisions of the \$739 Billion Act include:*

- New Corporate Taxes
- **Extended Premium Tax Credit**
- Prescription Drug Pricing Reform
- **Green Energy Tax Credits**
- IRS Funding



President Gerald R. Ford – Fall 1974

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## American Rescue Plan Act of 2021

### Premium Assistance Tax Credit

The applicable percentage amounts were changed for 2021 and 2022.

- Under prior law you would needed to pay up to 9.83% of household income.
- Under ARPA your premium amount is capped at **8.5%**.



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# 2023 Federal Tax Update

## American Rescue Plan Act of 2021

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### Premium Assistance Tax Credit

- ❖ Previously anyone with income over 400% of the Federal Poverty Line (FPL) was not eligible for Premium Credits
- ❖ For 2021 and 2022 the Credit is available to taxpayers with household incomes in excess of 400% of the FPL

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## Premium Tax Credit

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### Inflation Reduction Act

- Amends Section 36B to extend Premium Tax Credits to taxpayers with household incomes in excess of 400% of the FPL for three more years

**2023 through 2025**



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## Premium Tax Credit



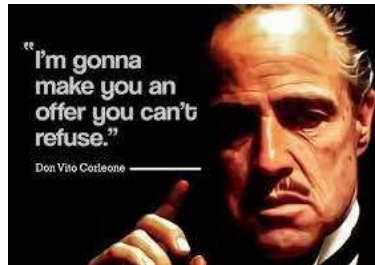
### **Inflation Reduction Act**

The ARPA 8.5% cap on premiums is also extended for three more years

**2023 through 2025**

## Drug Pricing

***The Act imposes a new excise tax on drug manufacturers who fail to enter into drug pricing agreements***



The excise tax ranges from 185.71% to 1,900% of the selected drug's price!

# 2023 Federal Tax Update

## Green Energy Credits

*The Act includes @\$370 Billion in tax credits and other climate change provisions*



*Goal of reducing greenhouse gas emissions by @40% by the end of the decade*

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## Green Energy Credits

*The IRA introduces two new requirements to be eligible to receive the maximum amount for many of the tax credits*

- 1) Compliance with Prevailing wage requirements  
**(Davis-Bacon Act)**
    - And Apprenticeship programs
- On November 30, 2022 the IRS issued **Notice 2022-61** provides initial guidance on meeting the Prevailing Wage and Apprenticeship Requirements
  - Proposed Regs. were issued on August 30, 2023

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## Green Energy Credits

*The IRA introduces two new requirements to be eligible to receive the maximum amount for many of the tax credits*

- 1) Compliance with Prevailing wage requirements (**Davis-Bacon Act**)
  - And Apprenticeship programs
- 2) Domestic Content Requirements



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## Home Energy Tax Credits

A green graphic for IRS Home Energy Tax Credits. On the left, a house icon is overlaid on a green keyboard. In the center is the IRS logo. On the right is a QR code. Below the QR code, the text reads "Home Energy Tax Credits" and "IRS.gov/homeenergy".

If you make energy improvements to your home, tax credits are available for a portion of qualifying expenses. The credit amounts and types of qualifying expenses were expanded by the Inflation Reduction Act of 2022.

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## Home Energy Tax Credits

### Energy Efficient Home Improvement Credit

#### Qualifying Credit Amounts and Expenses

These expenses may qualify if they meet requirements detailed on [energy.gov](https://www.energy.gov):

- Exterior doors, windows, skylights and insulation materials
- Central air conditioners, water heaters, furnaces, boilers and heat pumps
- Biomass stoves and boilers
- Home energy audits

The amount of the credit you can take is a percentage of the total improvement expenses in the year of installation:

- 2022: 30%, up to a lifetime maximum of \$500
- 2023 through 2032: 30%, up to a maximum of \$1,200 (water heaters, heat pumps, biomass stoves, and boilers have a separate annual credit limit of \$2,000), no lifetime limit

Get details on the [Energy Efficient Home Improvement Credit](#).

\*For 2022, biomass stoves and boilers are treated as a Residential Clean Energy Credit with no lifetime maximum.

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## Home Energy Tax Credits

### Residential Clean Energy Credit

#### Qualifying Credit Amounts and Expenses

These expenses may qualify if they meet requirements detailed on [energy.gov](https://www.energy.gov):

- Solar, wind and geothermal power generation
- Solar water heaters
- Fuel cells
- Battery storage (beginning in 2023)

The amount of the credit you can take is a percentage of the total improvement expenses in the year of installation:

- 2022 to 2032: 30%, no annual maximum or lifetime limit
- 2033: 26%, no annual maximum or lifetime limit
- 2034: 22%, no annual maximum or lifetime limit

Get details on the [Residential Clean Energy Credit](#).

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## Clean Vehicle Credits

***Effective on the date of enactment, the tax credit is only available if the vehicle final assembly was in North America***



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## Clean Vehicle Credits

***There is a two-step process to verify final assembly***

- First check on the Department of Energy's website listing 2022 and 2023 vehicles that MAY be eligible



<https://afdc.energy.gov/laws/electric-vehicles-for-tax-credit>

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# 2023 Federal Tax Update

## Clean Vehicle Credits



*There is a two-step process to verify final assembly*

- Second, enter the vehicle's 17 character VIN into the NTSA's VIN Decoder tool and view the "plant information" field

<https://www.nhtsa.gov/vin-decoder>

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## Clean Vehicle Credits

Up to \$7,500 **Non-refundable** credit extended thru 2032

- **\$3,750** credit for meeting the battery component requirement
- **\$3,750** credit for meeting the critical minerals requirement



Vehicles placed in service  
after **12/31/2022!**

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## Clean Vehicle Credits

**\$3,750** credit for meeting the battery component requirement

- Beginning in 2023 **50%** of the vehicle's battery must be manufactured or assembled in North America
  - Increasing by 10% per year
  - Hits 100% in 2029



## Clean Vehicle Credits

**\$3,750** credit for meeting the critical minerals requirement

- ❖ The battery's critical mineral must be extracted or processed in the US or a country with a free-trade agreement
- ❖ Starts at 40% in 2023
- ❖ Hits 80% in 2027



# 2023 Federal Tax Update

## Clean Vehicle Credits

### The Short List of Eligible EVs

Only 10 models qualify for the full \$7,500 US tax credit

Model	MSRP Limit	EV or Plug-In Hybrid
Chrysler Pacifica	\$80,000	Plug-In Hybrid
Ford F-150 Lightning	\$80,000	EV
Lincoln Aviator Grand Touring	\$80,000	Plug-In Hybrid
Chevrolet Bolt	\$55,000	EV
Cadillac Lyriq	\$80,000	EV
Chevrolet Blazer	\$80,000	EV
Chevrolet Silverado	\$80,000	EV
Chevrolet Equinox	\$80,000	EV
Tesla Model 3	\$55,000	EV
Tesla Model Y	\$80,000	EV

Source: US Treasury Department

Note: Chevrolet Blazer is available summer 2023, and Silverado and Equinox are available fall 2023. Tesla Model 3 Performance qualifies for full credit and Standard Range version is eligible for \$3,750 credit.

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## Clean Vehicle Credits



Manufacturer's suggested retail price (MSRP) is limited to **\$55,000** for cars, **\$80,000** for Vans, SUVs & Pickups in 2023

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# 2023 Federal Tax Update

## Clean Vehicle Credits

*To claim the credit, the buyer's MAGI must be less than:*

- **\$300,000 MFJ**
- **\$150,000 Single**



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## Clean Vehicle Credits

**Beginning in 2024, the credit can be transferred to the vehicle dealer.....**



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# 2023 Federal Tax Update

## Pre-owned Clean Vehicle Credits

*There is also a new credit for previously owned clean vehicles:*

- ❖ Applies to purchases from a dealer for a price of \$25,000 or less
- ❖ Must be at least 2 years old
- ❖ Credit lesser of \$4,000 or 30% of purchase price
- ❖ MAGI limited to \$150,000 MFJ, \$75,000 Single

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## Green Energy Credits

### Qualified Commercial Clean Vehicle Credit



**There is also a new credit  
for commercial clean  
vehicles**

**Vehicles placed in service  
after **12/31/2022!****

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## Green Energy Credits

### Section 30C Alternative Fuel Refueling Credit

- ❖ Credit retroactively extended through 2032
- ❖ Includes bidirectional charging equipment and electric charging stations for 2 and 3 wheel vehicles intended for use on public roads
- ❖ 30% Tax Credit
- ❖ Limited to \$1,000 for residential installations

## Green Energy Credits

### Section 30C Alternative Fuel Refueling Credit

- ❖ Credit retroactively extended through 2032
- ❖ Beginning in 2023 the maximum credit is increased from \$30,000 to **\$100,000**
  - *Computed per unit, not per location*



# 2023 Federal Tax Update

## IRS Funding

*The Act provides an additional \$80 Billion in funding to the IRS*

- ❖ Spread over 9 years
- ❖ The current IRS annual budget is @ \$12.7 Billion



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## \$80 Billion IRS Funding

- ❖ **\$3.2 Billion** is allocated to improve taxpayer services
- ❖ **\$25.3 Billion** is dedicated to supporting internal IRS operations
- ❖ **\$4.75 Billion** is for modernizing IRS business systems



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# 2023 Federal Tax Update

## IRS Funding

***About \$46 Billion (57%) is allocated to tax enforcement!***

**Enabling the IRS to add approximately 87,000 FTEs**  
(The IRS currently has @93,000 employees)

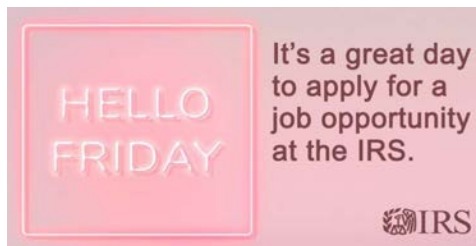
This stadium, at a capacity of 86,112, is not big enough to hold the 87,000 new IRS agents coming after you.



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## \$80 Billion IRS Funding

***About \$46 Billion (57%) is allocated to tax enforcement!***



The increased IRS funding is estimated to bring in an additional **\$200 Billion** in revenue.

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# 2023 Federal Tax Update

## IRS Funding

The Joint Committee on Taxation (JCT) says that 78% to 90% of the money will come from those making under \$200,000 a year

- Only 4-9% will come from those making over \$500,000



## IRS Funding

*It's the Tax Accountant's Economic Relief Act!*

How are we going to step up – and price – our taxpayer representation services?



# 2023 Federal Tax Update

## Consolidated Appropriations Act, 2023

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The most important tax provision in the Act may be **DIVISION T—**

### **SECURE 2.0 ACT OF 2022**

(Pages 2,000 – 2,349)

Containing a host of changes to retirement savings, RMDs and qualified plan rules - over the next five (5) years

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## Secure 2.0 Act

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### New Saver's Match beginning in 2027

- ❖ 50% “matching contribution” up to \$2,000 for individuals making qualified retirement savings contributions
  - Claimed as a tax credit
    - Not a real match deposited in your account!
  - Phased out for AGI over \$20,500/\$41,000

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# 2023 Federal Tax Update

## Secure 2.0 Act

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- ❖ **The \$1,000 Catch-up contribution for IRAs is now indexed for inflation**
  - After 2023
- ❖ **Higher catch-up contributions for ages 60-63**
  - Increased to the greater of \$10,000 or 50% more than the regular catch up (\$5,000 for SIMPLE Plans)
  - *Beginning in 2025*

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## Secure 2.0 Act

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**Permits employers to offer small/deferred financial incentives for employees making salary deferrals**



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# 2023 Federal Tax Update

## Secure 2.0 Act

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### New Pension-linked emergency savings accounts

- ❖ Plans may establish short-term employee savings accounts
- ❖ Roth Accounts of up to \$2,500
  - No minimum contribution or account balance required
  - Must allow for withdrawals at least once a month
  - **NOT** Subject to a 10% penalty!

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## Secure 2.0 Act

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### New penalty exceptions for Qualified plan withdrawals beginning in 2024

- ❖ Personal and family emergencies
  - Up to \$1,000, option to repay within three years
- ❖ Domestic Abuse
  - Up to \$10,000. Self-certification
- ❖ Terminal illness
- ❖ Qualified disasters

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# 2023 Federal Tax Update

## Secure 2.0 Act

New Department of Labor (DOL) lost-and-found database to search for retirement plan accounts



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## Secure 2.0 Act

Will allow sole proprietors to make a retroactive first year 401K Plan elective deferral

- Up to the due date - without extension!



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# 2023 Federal Tax Update

## Secure 2.0 Act

### New limits on conservation easements

Charitable contributions by pass-through entities limited to 2.5 times sum of each partners/S Corp shareholders basis

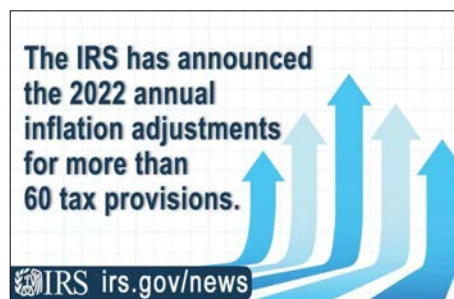


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## Tax Cuts and Jobs Act

The Act adopted the **"Chained CPI"** for inflation adjustments.

- *C-CPI-U*



This is a **permanent** change!

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# 2023 Federal Tax Update

## 2023 Standard Deduction

Filing Status	Standard Deduction Amount
Single	\$13,850
Married Filing Joint & Surviving Spouse	\$27,700
Married Filing Separately	\$13,850
Head of Household	\$20,800

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## 2023 Standard Deduction

The TCJA ***keeps*** the additional standard deduction for elderly and blind taxpayers.

- \$1,850 or \$1,500 for 2023
  - *Up \$100 from 2022*



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# 2023 Federal Tax Update

## 2023 Tax Brackets

*The 0%, 15% & 20% rates for LTCG and Qualified Dividends were retained:*

- ❖ 0%
- ❖ 15% starts at \$44,625 / \$89,250
- ❖ 20% starts at \$492,300 / \$553,850



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## American Rescue Plan Act of 2021

### Child Tax Credit

- ❖ The Child Tax Credit was fully refundable for 2021 **(only)**
  - 17-year-olds were eligible
- ❖ This change was **not** extended by the Inflation Reduction Act!



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# 2023 Federal Tax Update

## 2023 Child Tax Credit

*For 2023 the child tax credit remains **\$2,000** per child*



**Only \$1,600 is refundable**

**Up \$1,000 from 2022**

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## 2023 Tax Brackets

Tax Rate	For Single Filers	For Married Individuals Filing Joint Returns	For Heads of Households
10%	\$0 to \$11,000	\$0 to \$22,000	\$0 to \$15,700
12%	\$11,000 to \$44,725	\$22,000 to \$89,450	\$15,700 to \$59,850
22%	\$44,725 to \$95,375	\$89,450 to \$190,750	\$59,850 to \$95,350
24%	\$95,375 to \$182,100	\$190,750 to \$364,200	\$95,350 to \$182,100
32%	\$182,100 to \$231,250	\$364,200 to \$462,500	\$182,100 to \$231,250
35%	\$231,250 to \$578,125	\$462,500 to \$693,750	\$231,250 to \$578,100
37%	\$578,125 or more	\$693,750 or more	\$578,100 or more

Source: Internal Revenue Service Rev. Proc. 2022-38

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# 2023 Federal Tax Update

## Itemizing in 2023 ?

- ❖ You need more than **\$13,850/\$27,700** to itemize
- ❖ More for seniors!
  - *They need \$15,700/\$30,700*



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## Itemizing in 2023?

*You need more than **\$13,850/\$27,700** to Itemize  
(more for seniors!)*

### **But...**

- ❖ State and Local Taxes capped at \$10,000
- ❖ NO home equity interest
- ❖ NO Miscellaneous Itemized deductions subject to the 2%

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# 2023 Federal Tax Update

## 2023 Itemized Deductions

You need more than **\$13,850/\$27,700** to Itemize (more for seniors!)

You need at least **\$3,850/\$17,700** of:

- ❖ Medical Expenses over **7.5% AGI**
- ❖ **Mortgage Interest** Expense (acquisition)
  - And PMI (extended thru 2021)
- ❖ Charitable Contributions

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## 2023 Itemized Deductions

- ❖ The Tax Foundation estimated that the number of taxpayers itemizing would drop by about 17% under the TCJA.
- ❖ From roughly 30% of all 1040s under prior law.
- ❖ To about 13% of all individual returns.



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# 2023 Federal Tax Update

## §199A Pass-Through Income

There are two limitations on the 20% deduction that apply **only** when your **taxable income** exceeds a threshold amount:

- ~~—\$157,500 Single/\$315,000 MFJ~~
- **\$182,100 Single/\$364,200 MFJ for 2023**
- W2 wage/depreciable asset limit
- Exclusion of specified services

## §199A Pass-Through Income

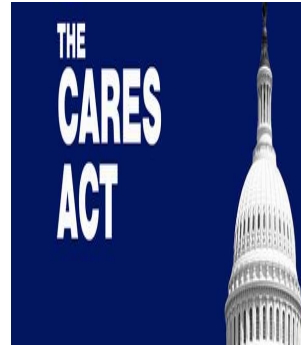
For **Year End Planning**, you should rough out the deduction and check to make sure that there are sufficient W-2 Wages and/or depreciable basis to support the deduction.



# 2023 Federal Tax Update

## CARES Act

- ❖ The TCJA made a couple significant changes **adversely** impacting the tax laws affecting the deductibility of business expenses and losses.
- ❖ The CARES Act temporarily loosened **all three** of these onerous TCJA loss/deduction limitations
  - **Through 2020**



## COVID-19 Business Losses

The CARES Act modifications to the TCJA loss limits were only for 2018, 2019 and 2020 tax years



# 2023 Federal Tax Update

## COVID-19 Business Losses

Neither the December 2020 **COVID-Related Tax Relief Act of 2020** nor the March 2021 **American Rescue Plan Act of 2021** nor the August 2022 **Inflation Reduction Act** extended any of these modifications!



## COVID-19 Business Losses

*For 2021, 2022, **2023 and beyond** we're back to:*

- ❖ No NOL Carryback, Carryforward only subject to 80% limitation
- ❖ Section 461(l) cap on business losses
- ❖ Section 163(j) Interest Expense limitation



# 2023 Federal Tax Update

## TCJA Excess Business Losses

*The Section 461(l) limitation  
on business losses returned  
in 2021 on Form 461:*



- 2021 \$262,000 single / \$524,000 MFJ
- 2022 \$270,000 single / \$540,000 MFJ
- 2023 **\$289,000 single / \$578,000 MFJ**

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## Maximize IRA & 401K Contributions

- ❖ IRAs **\$6,500** in 2023 (up \$500)
  - Plus \$1,000 age 50 catch up (no change)



*However, Secure 2.0  
will start CPI increases  
for the catch-up*

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# 2023 Federal Tax Update

## Maximize IRA & 401K Contributions

- ❖ 401(k) **\$22,500** in 2023 (Up \$2,000)
  - *Plus, Age 50 and older \$7,500 catch up (up \$1,000)*



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## Maximize IRA & 401K Contributions

SEP IRAs & Solo  
401Ks **\$66,000**  
(+\$6,000 from 2022)



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# 2023 Federal Tax Update

## 2023 Form 1040

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## Phone and Email Address?

**WHY?** I thought the IRS NEVER initiated contact by phone or email....

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## Phone and Email Address?

The Form 1040 Instructions now state that entering the phone number and email is

**OPTIONAL**

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### Phone Number and Email Address

You have the option of entering your phone number and email address in the spaces provided. There will be no effect on the processing of your return if you choose not to enter this information. Note that the IRS initiates most contacts through regular mail delivered by the United States Postal Service.

You can report a phone scam to the Treasury Inspector General for Tax Administration at [IRS Impersonation Scam](#)

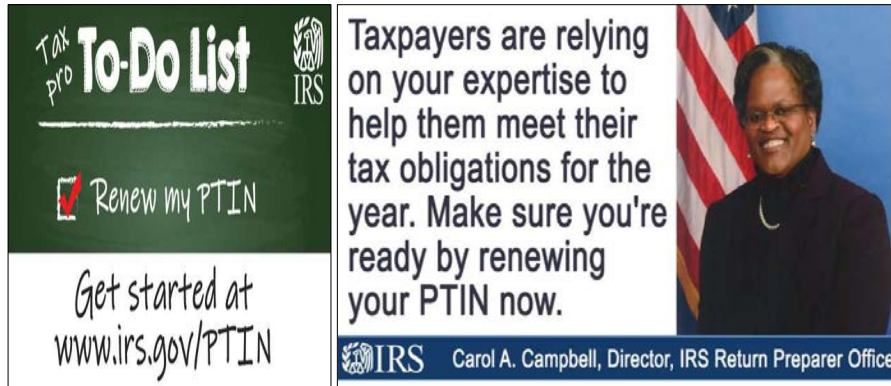
## Filing Requirements - PTINs

A Preparer Tax Identification Number (PTIN) is required of **all** paid professionals who prepare or assist in preparing federal income tax returns.

- *Including Form 1041 for Estates & Trusts*



## PTIN Renewal



The advertisement features a green chalkboard on the left with the text 'TAX PRO To-Do List' and 'Renew my PTIN' with a checkmark. Below the chalkboard, it says 'Get started at www.irs.gov/PTIN'. On the right, a woman, Carol A. Campbell, is shown in front of an American flag. Text next to her reads: 'Taxpayers are relying on your expertise to help them meet their tax obligations for the year. Make sure you're ready by renewing your PTIN now.' The IRS logo and her name and title are at the bottom.

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## PTIN Renewal

- ❖ In October, the IRS announced it was reducing the PTIN Fees to \$19.75
  - \$11 user fee to the IRS
  - \$ 8.75 for the third-party contractor how administers the online process
- ❖ The IRS was forced to reduce its fees after the US District Court in *Steele* held in February that the fees were excessive

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# 2023 Federal Tax Update

## Digital Assets?

The IRS has not revised the language of the 1040 Digital Asset question (yet):



If you checked the MFS box, enter the name of your spouse. If you checked the HOH or QSS box, enter the child's name if the qualifying person is a child but not your dependent: \_\_\_\_\_

<b>Digital Assets</b>	At any time during 2023, did you: (a) receive (as a reward, award, or payment for property or services); or (b) sell, exchange, or otherwise dispose of a digital asset (or a financial interest in a digital asset)? (See instructions.) . <input type="checkbox"/> Yes <input type="checkbox"/> No
<b>Standard Deduction</b>	Someone can claim: <input type="checkbox"/> You as a dependent <input type="checkbox"/> Your spouse as a dependent <input type="checkbox"/> Spouse itemizes on a separate return or you were a dual-status alien

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## Extenders Bill Failed to Launch



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# 2023 Federal Tax Update

## Expired Tax Provisions

### Expired at 12/31/2021:

- ❖ Refundability and enhancement of child and dependent tax credit
- ❖ Increased exclusion for employer-provided dependent care assistance



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## Expired Tax Provisions



### Expired at 12/31/2021:

- ❖ Charitable contributions by non-itemizers
- ❖ Treatment of PMI as tax-deductible mortgage interest expense

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## Expired Tax Provisions

### Expired at 12/31/2022:

- 100% deduction for food and beverages provided by a restaurant



**100% Bonus Depreciation!**

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## §168(k) Bonus Depreciation

*Then phases it out:*

- ➔ ▪ **80% Bonus in 2023 !**
- 60% Bonus in 2024
- 40% Bonus in 2025
- 20% Bonus in 2026
- -0-% in 2027



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## Delayed TCJA Provisions

*In 2022 two critical changes in the TCJA finally kicked in and took effect:*

- ❖ Research and Experimentation costs
- ❖ Interest Expense



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## Research & Experimentation



In 2022 the TCJA change from immediate expensing to amortization of R&D costs hit our returns...



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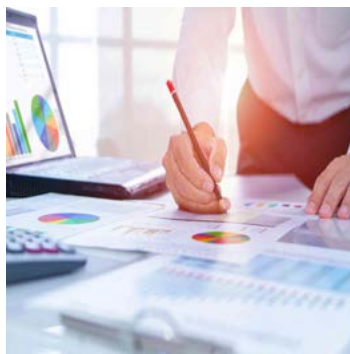
## Research & Experimentation

*Beginning in 2022 Specified Research and Experimental (SRE) expenses are now to be amortized over:*

- ❖ **5 years**
- ❖ 15 years for foreign research



## Research & Experimentation



**The IRS issued Rev. Proc. 2023-08 to provide a simplified method to make the change to capitalize research costs**

*Using a mid-year convention*



## Research & Experimentation

In **Notice 2023-63** the IRS announced coming Proposed Regulations covering:

- ❖ **Capitalization and amortization of SRE Expenditures**
  - Labor, materials and supplies, depreciation or amortization, patent costs and some indirect costs must be capitalized and amortized
  - Some indirect costs such as support services, HR and Payroll do not.
- ❖ Scope of Section 174
- ❖ **Software Development**
  - **Any** amount paid or incurred in connection with the **development of any software** is treated as a research or experimentation expenditure
- ❖ Research provided under contract
- ❖ Disposition, retirement or abandonment of property

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## §163(j) Business Interest Expense



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# 2023 Federal Tax Update

## TCJA

### §163(j) Business Interest Expense

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Code Section 163(j) limits business interest expense to 30% of **adjusted taxable income**.

- **Tax EBIT**



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### §163(j) Business Interest Expense

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Until 2022 you were allowed to use:

#### **Tax EBITDA**

- ❖ Earnings before Interest, taxes, depreciation and amortization.
- ❖ A critical advantage when using 100% bonus!

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# 2023 Federal Tax Update

## §163(j) Business Interest Expense

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I think 2022 will be **brutal!**



- You will still have full 100% bonus
- But no addback under §163(j)!

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## §163(j) Business Interest Expense

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**And it will get worse!**



As the Federal Reserve raises interest rates to address inflation, your interest expense will increase

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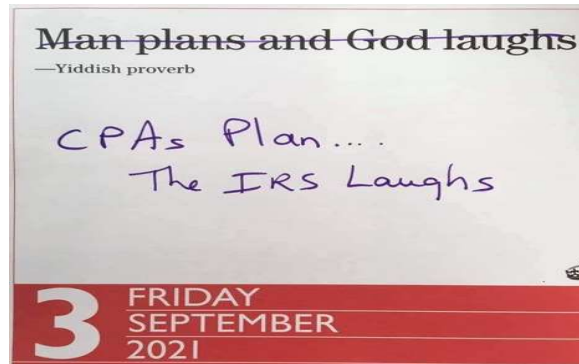
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# 2023 Federal Tax Update

## 2023 Year End Tax Planning

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## 2023 Year End Tax Planning

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# 2023 Federal Tax Update

## 2022 Year End Tax Planning

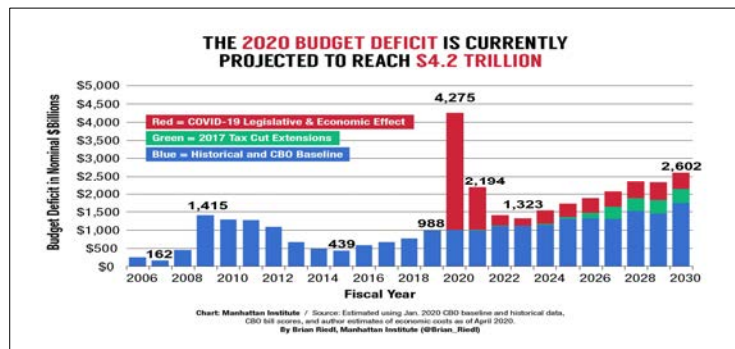
The TCJA has brought us relatively low tax rates for a **limited time** (2018-2025)



Revert back to old law rates in 2026

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## 2023 Year End Tax Planning



*We have massive federal deficits for as far as the eye can see....*

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# 2023 Federal Tax Update

## 2023 Year End Tax Planning

- ❖ How much exposure to rising tax rates are **you** and your clients willing to absorb?
- ❖ What discount rate are you using for your present value analysis?



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## Concluding Thoughts



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*Thank You*

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