

# WELCOME TO MSU INCOME TAX SCHOOL INTRODUCTION OF PRESENTERS

First IN PERSON MSU INCOME TAX SCHOOLS for 2023

WELCOME to the first-time attendees

For the rest of you, welcome back

We are conducting MSU classes online and in person.

This first class has all four instructors present. Please raise your hand with questions.

## DIGITAL ACCESS TO WORKBOOK

- 1) mail comes from [digital@omnipress.com](mailto:digital@omnipress.com)
- 2) We need 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 the office at 517-432-9803.

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*You are receiving this email because MSU has added you to their Taxworkbook Online subscription.*

## SCHEDULE: DAY 1 AM

P. xx

DAY 1 AM Bill VanEerden and Carol Wright  
PM Pam Denomme and MaryJane Hourani

Topics this morning

15 New Law & Expiring Legislation

4 Form 4797

5 Retirement

9 Business Issues Part 1

◦ LUNCH



## SCHEDULE: DAY 2 PM

### Topics Bill & Carol

- 9 Business Issues Part 2
- 2 Trusts and Estates
- 10 Like Kind Exchanges
- 1 Ethics



## SLIDES

You have computer access to our power points.

Like last year, we are all putting our slides online, at [MSU.edu/incometaxschools](http://MSU.edu/incometaxschools) Bill will review instructions.

They may be revised during our sessions so you may want to check back

Look for each author's name, files by chapter title.

# 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**  
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**Class 2023   Class2023**

**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 \(developments since publication of 2020 workbook\)](#)

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[2019 Rates and Tables update](#)

BW1

**Slide 8**

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**BW1**

Bill Wright, 10/2/2022



# 2023 NATIONAL INCOME TAX WORKBOOK

CHAPTER 15: 2023 NEW AND  
EXPIRING LEGISLATION



## LEARNING OBJECTIVES AND INTRODUCTION

P. 589

### Learning Objectives

- Advise clients about new legislation: late 2022 and in 2023
- Identify individual and business income tax exclusions, deductions, and credits that expire in 2022, 2023, and future years

### Introduction

Chapter includes all tax legislation & guidance since last year's text. Inflation Reduction Act of 2022, Pub. L. No. 117-169, Consolidated Appropriations Act of 2023 which contains SECURE 2.0, Pub. L. 117-328.

Finally, this chapter lists the expiration dates of tax provisions that are set to expire in 2022–2034.

**NEW LEGISLATION**

P. 590

**DISCLAIMER:**

**EDITED AND CONDENSED**

**READ THE ENTIRE TEXT OF THE LAW(S)  
BEFORE RELYING ON IT**

## AFFORDABLE CARE ACT

P. 590

### **T.D. 9970** I.R.C. § 5000A, 6055, 6056 Minimum Essential Coverage

- The IRS has finalized proposed regulations that define minimum essential coverage.

### **T.D. 9968** I.R.C. § 36B Premium Tax Credit

- Final regulations fix the “family glitch” in the premium tax credit.

## AGRICULTURAL AND NATURAL RESOURCE ISSUES P. 591

### **Notice 2022-43** I.R.C. § 1033

- This notice extends the replacement period for certain livestock sold or exchanged because of drought, flood, or other weather-related conditions.
- Notice 2022-43 explains the circumstances under which the 4-year replacement period under I.R.C. § 1033(e)(2) is extended for livestock sold on account of drought.

## BUSINESS ENTITY TAX ISSUES - CORPORATIONS

P. 591

### **Notice 2023-7** I.R.C. § 55 & **(IR-2023-168)** (Who & when needed)

- The IRS issued guidance on the new corporate alternative minimum tax.

### **Rev. Proc. 2022-19** I.R.C. §§ 1361, 1362

- Taxpayer assistance procedures under I.R.C. § 1362(f), to allow 1120 S corporations and their shareholders to resolve frequently encountered issues with certainty and without requesting a private letter ruling.

### **Notice 2023-2** I.R.C. § 4501

- IRS issued initial guidance on the application of the excise tax on repurchases of corporate stock for SEC registered companies.

## BUSINESS TAX ISSUES CREDITS

P. 597 - 598

### **Field Attorney Advice 20223401F I.R.C. § 41**

- The IRS Office of Chief Counsel considers when research performed for a customer will qualify for the research activities credit. (Form 6765 changes IR 2023-193)

### **T.D. 9978 I.R.C. §§ 3111, 3131, 3132, 3134, 3221**

- Final regulations recapture excess sick leave and family and medical leave credits.

### **A.M. 2023-005 I.R.C. § 3134**

- IRS provided guidance on when an employer had a suspension of business operations because of supply chain disruptions. (Editor comments – IR-2023-169 Sept 14, 2023 Not processing Employee Retention Credit)

## BUSINESS TAX ISSUES - DEDUCTIONS

P. 600

### **SECURE 2.0 § 605 I.R.C. § 170**

- Pass-through entity deductions for qualified conservation contributions are limited.

### **Notice 2022-44 I.R.C. § 274**

- Special per diem rates for lodging, meals, and incidental expenses are effective October 1, 2022.

### **Notice 2023-03 I.R.C. § 274**

- The IRS issued standard mileage rates for 2023. \$0.65.5 Bus., \$0.28 per mile depreciation (Next year by December for 2024)
-



**Notice 2022-41 I.R.C. § 125**

- This notice expands the application of the permitted change-in-status rules for health coverage under a section 125 cafeteria plan.

Employee or Independent Contractor

**Employee or Independent Contractor Classification Under the Fair Labor Standards Act, a Proposed Rule by the Wage and Hour Division**

- The Labor Department issued proposed worker classification rules.

# ETHICS

P. 602

## Confidentiality and Privilege

### *In re Grand Jury*

- The Supreme Court declined to hear a case about whether a communication involving both legal and nonlegal tax advice is protected by attorney-client privilege.
- Tax preparation is not legal advice.

# ETHICS

P. 603

## Preparer Penalties

### **Office of Chief Counsel Memorandum 20223301F I.R.C. § 6694**

- A penalty should be assessed against a tax return preparer who gave bad advice.

# ETHICS

P. 603

## Reportable Transactions

### **REG-106134-22** I.R.C. § 6011, 6707A

- Proposed regulations designate certain syndicated conservation easements as abusive transactions that must be reported to the IRS.

## INDIVIDUAL TAX ISSUES - CREDITS

P. 604

### Clean Energy Tax Webpage; Guidebook Various code sections

- A new webpage and guidebook provide information about energy tax credits.

[www.fueleconomy.gov](http://www.fueleconomy.gov)  
the official U.S. government source for fuel economy information

#### Tax Incentives

##### New Plug-in and Fuel Cell Electric Vehicles Purchased in or after 2023



Get a tax credit of up to \$7,500 for new vehicles purchased in or after 2023!

##### Pre-Owned Plug-in and Fuel Cell Electric Vehicles Purchased in or after 2023

## **Clean Energy Tax Forms 8936A Commercial Vehicle**

### **8936 New Vehicle**

#### **Various code sections**

- NEEDS WORK – Bill is covering in his chapter. Topic G in FAQ Oct 6, 2023, FS 2023-28,
- Rev. Proc.2025-33

Remember Sec, 212 expenses are not allowed until after 2025

## INDIVIDUAL TAX ISSUES - CREDITS

P. 604

### **Notice 2023-59 I.R.C. §25C**

- The IRS issued guidance for home energy audits to qualify for the energy-efficient home improvement credit.

## INDIVIDUAL TAX ISSUES - CREDITS

P. 605

### **Rev. Proc. 2022-42** I.R.C. §§ 25E, 30D, 45W

- IRS provided procedures for qualified manufacturers and sellers to provide information to the IRS that a vehicle is eligible for the clean vehicle credits.

### **Fact Sheet 2023-08** I.R.C. §§ 25E, 30D, 45W

- IRS updated frequently asked questions about clean vehicle credits.
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### **Notice 2023-01** I.R.C. § 30D

- IRS intends to publish regulations related to the new clean vehicle credit.



## INDIVIDUAL TAX ISSUES - CREDITS

P. 606

### **Notice 2023-16** I.R.C. § 30D

- The IRS modified the vehicle classification standards for the new clean vehicle credit.
- 

### **REG-120080-22** I.R.C. § 30D

- Proposed regulations provide guidance on the critical mineral and battery component requirements for the new clean vehicle credit.
- Dates 4/18/23 to 12/31/23 40%
- 1/1/24 to 12/31/24 50% progressively more each year

## INDIVIDUAL TAX ISSUES - CRYPTOCURRENCY

P. 607

### **DOJ Press Release No. 22-876**

- A California District Court authorized the IRS to serve a summons on a cryptocurrency dealer.

### **Rev. Rul. 2023-14 I.R.C. § 61**

- The FMV of cryptocurrency received as rewards is included in gross income.
- How can we identify this issue?
- 

### **C.C.A. 202302011 I.R.C. § 165**

- A taxpayer cannot claim a loss for cryptocurrency that has declined in value.

**C.C.A. 202302012** I.R.C. § 170

- The taxpayer must obtain a qualified appraisal for a donation of cryptocurrency over \$5,000.

**Notice 2023-27** I.R.C. § 408

- The IRS intends to determine when a nonfungible token (NFT) is treated as a collectible by using a look-through analysis. (Increase in tax rate)

**C.C.A. 202316008** I.R.C. § 1001

- A blockchain protocol upgrade does not have tax consequences.

## INDIVIDUAL TAX ISSUES - DEDUCTIONS

P. 610

### **C.C.A. 202236010 I.R.C. § 170**

- A conservation easement is not exclusively for conservation purposes if the donor retains an interest to conduct surface mining. (Look at oil & gas rights)

## Income

### **SECURE 2.0 § 309 I.R.C. § 139C**

- Certain (even after retirement) disability-related first responder payments are excluded from income after 2026.

## INTERNATIONAL TAX ISSUES

P. 610

### **Notice 2023-55** I.R.C. §§ 901, 903

- The notice provides temporary relief in determining whether a foreign tax meets the definition of a foreign income tax for purposes of the foreign tax credit.

IRS ISSUES

P. 611

Cybersecurity - Not Covered in Book

**IR 2022-167**

- IRS-themed texting scams are increasing.

## Document Upload Tool

### **IR-2023-29**

- The IRS announced new online options to respond to Notices to upload documents.
- Within 30 days of notice, upload documents with a unique code with last name and SSN



## Penalty Relief

### **Notice 2022-36** I.R.C. §§ 6038, 6651

- The IRS has provided relief for certain 2019 and 2020 return penalties.
- Failure to file before Sept. 20, 2022
- Information returns filed before August 1, 2020, for 2019  
August 1, 2021, for 2020

## Private Letter Rulings

### **Rev. Proc. 2023-26** Fast Track Ruling Program

- A new program provides for fast-track processing of certain requests for letter rulings.

## ABLE Programs

### **SECURE 2.0, § 124 I.R.C. § 529A**

- The age requirement increased from 26 to 46 for qualified ABLE programs after 2025

## RETIREMENT AND SAVINGS

P. 613

### Contributions

#### **SECURE 2.0 § 108 I.R.C. § 219**

- The IRA catch-up limit is indexed after 2023.

#### **SECURE 2.0 § 317 I.R.C. § 401**

- Sole proprietors can make retroactive first-year deferrals up to due date of tax return.

#### **SECURE 2.0 § 604 I.R.C. §§ 401, 403, 457**

- Plan can provide option for participants to choose to treat employer matching or nonelective contributions as Roth contributions.

## Contributions after 2023

### **SECURE 2.0 § 116** I.R.C. § 408

- Additional nonelective contributions are allowed for SIMPLE plans after 2023

### **SECURE 2.0 § 117** I.R.C. §§ 408, 414

- The contribution limits for SIMPLE plans are increased after 2023.

### **SECURE 2.0 § 601** I.R.C. § 408

- Roth contributions can be made to SIMPLE and SEP plans after 2023.

## RETIREMENT AND SAVINGS - CONTRIBUTIONS

P. 614

### **After 2023**

#### **SECURE 2.0 § 109 I.R.C. § 414**

- Higher catch-up limits apply at ages 60, 61, and 62 for 2025.

#### **SECURE 2.0 § 603 I.R.C. § 414**

- Elective deferrals are generally limited to the regular contribution limit
- Treat catch up as Roth in 2024 unless income is \$145,000 or less.

## RETIREMENT AND SAVINGS - CONTRIBUTIONS

P. 614

### **SECURE 2.0 § 333 I.R.C. § 4973**

- The additional 10% tax on corrective distributions of excess contributions is eliminated. Amount is still taxed.

### **SECURE 2.0 § 313 I.R.C. § 6501**

- SECURE 2.0 extends statute of limitations to 6 years for assessment of excise tax on excess contributions.

## Credits

### **SECURE 2.0 §§ 102, 111 I.R.C. § 45E**

- The credit for small employer pension plan startup expenses is modified. (Get directions from administrator)

### **SECURE 2.0 § 103 I.R.C. § 6433**

- The saver's credit is replaced by a saver's match after 2026.



## RETIREMENT AND SAVINGS

P. 615

### Distributions – *Early Distributions*

#### **SECURE 2.0 § 115 I.R.C. § 72**

- Distributions of \$1,000 per year for emergency expenses are not subject to the early withdrawal tax. Can't take a second time unless repaid or 3 years have passed.

#### **SECURE 2.0 § 314 I.R.C. § 72**

- There is an exception to the 10% additional tax on early distributions for taxpayers who experienced domestic abuse.

#### **SECURE 2.0 § 323 I.R.C. § 72**

- No 10% additional tax if it fits the substantially equal periodic payments.

## Distributions – *Early Distributions*

### **SECURE 2.0 § 326 I.R.C. § 72**

- There is an exception to the additional tax on early distributions for individuals with a terminal illness.

### **SECURE 2.0 § 329 I.R.C. § 72**

- The early distribution exception for public safety officers is expanded to include employees with 25 years of service with employer sponsor.

## Distributions – *Disaster Distributions*

### **SECURE 2.0 § 331 I.R.C. § 72**

- SECURE 2.0 provides permanent rules for the use of retirement funds for federally declared disasters.
- IRS lists each approved disaster by location. Check [Irs.gov](https://www.irs.gov).

## RETIREMENT AND SAVINGS

P. 616 - 617

### Distributions – *Hardship Distributions*

#### **SECURE 2.0 § 312 I.R.C. § 401**

- Employees can self-certify the need for a hardship distribution.

#### **Retirement Plan FAQs regarding Hardship Distributions I.R.C. §§ 401, 403, 457**

- The IRS has updated its FAQs regarding hardship distributions.

The Bipartisan Budget Act of 2018 mandated changes to the 401(k) hardship distribution rules. On November 14, 2018, the Internal Revenue Service released proposed regulations to implement these changes. The IRS released [final regulations](#). Generally, these changes relax certain restrictions on taking a hardship distribution.

#### **SECURE 2.0 § 602 I.R.C. § 403**

- The section 403(b) hardship distribution rules are conformed to the section 401(k) rules.

## Distributions – *Minimum Distributions*

**SECURE 2.0 § 312** I.R.C. § 401 The IRS intends to issue final regulations on required minimum distributions for 2021 & 2022. See chapter 5.

**SECURE 2.0 § 107** I.R.C. § 401

- The age to start taking required minimum distributions is increased to 73 if 72 as of 12/31/2022.
- IF TP is born by 12/31/1950, they must take RMD in 2023.

## Distributions – *Minimum Distributions*

### **Notice 2023-54 I.R.C. § 401**

- The IRS has provided transition relief for the change in required beginning date for RMDs.
- Consider this provision if no annual distribution was taken by TP (TP withdrew based upon prior 72 rules during first 6 months of 2023. TP does not include in income if TP repays \$\$, no penalty. Extension was to 9/30/2023)
- IRS will not Assert excise tax on \$\$ not distributed in 2023 which should have been under Sec. 401(a)(9)

## RETIREMENT AND SAVINGS

P. 619 -620

### Distributions – *Minimum Distributions*

#### **SECURE 2.0 § 327 I.R.C. § 401**

- The surviving spouse can elect to be treated as the deceased employee for purposes of the minimum distribution rules after 12/31/2023.

#### **SECURE 2.0 § 337 I.R.C. § 401**

- The minimum distribution rules for special needs trusts are modified.
- Remainder after death can go to a charitable organization

# RETIREMENT AND SAVINGS

P. 620

## Health Savings Accounts

**IRS FAQs about Medical Expenses Related to Nutrition, Wellness, and General Health** I.R.C. §§ 105, 125, 220, 223

- Expenses paid by HSA, FSA, Archer MSA, or HRA for certain nutrition, wellness, and general health expenses subject to limits can be allowed

**SECURE 2.0 § 4151** I.R.C. § 223

- The telehealth exemption for high-deductible health plans is extended until 1/1/2025.

**Notice 2023-37** I.R.C. § 223

- The COVID-19 public health emergency has ended and pre-deductible HSA expenses for COVID testing and treatment are not allowed for plan years ending after December 31, 2024.



## RETIREMENT AND SAVINGS - PLAN PARTICIPATION SECURE 2.0 P. 622

### **SECURE 2.0 § 101** I.R.C. §§ 401, 403

- 401(k) and 403(b) plans automatically enroll participants in the respective plans upon becoming eligible (and the employees may opt out of coverage).

### **SECURE 2.0 § 121** I.R.C. §§ 401, 403

- Starter 401(k) plans for employers with no retirement plans.

### **SECURE 2.0 § 125** I.R.C. § 401

- Retirement coverage for part-time workers based upon length of service

### **SECURE 2.0 § 118** I.R.C. § 4972

- Domestic employees can be included in a SEP plan.

## Qualified Charitable Distributions

### **SECURE 2.0 § 307** I.R.C. § 408

- One time distribution of \$50,000 to qualified charitable trusts
- IRA charitable distributions' yearly limit will increase the \$100,000 in later years



## Rollovers

### **SECURE 2.0 § 126 I.R.C. § 529**

- Allows tax-free rollovers from section 529 accounts to Roth IRAs if the 529 plan has been open for 15 years. ( when does that work for recipient? Plan started in 2008 & not used??)
- Roth must qualify under annual contribution limits.

## Appeals

### **REG-125693** I.R.C. § 7803

- The IRS issued proposed regulations relating to the IRS Independent Office of Appeals' resolution of federal tax controversies.
- Federal tax controversy defined

## TAX PRACTICE AND PROCEDURE - FILING

P. 624

### **Rev. Proc. 2022-39** I.R.C. §§ 6662, 6664 - large case

- Special procedures apply to taxpayers who are subject to nearly annual examinations. Disclosures can avoid penalties.

### **T.D. 9972, Information Return Intake System** Various code sections

- The IRS and Treasury issued final regulations on required e-file for businesses in 2023
- 1099 will be accepted at new, free online portal
- IRIS may be especially helpful to any small business that currently sends their 1099 forms on paper to the IRS.

## Information Reporting 1099K

### **Notice 2023-10** I.R.C. § 6050W

- The IRS has delayed implementation of the \$600 reporting threshold for third-party payment platforms' Forms 1099-K for 2022.
- Find discussion regarding how to report amounts and then reduce income

## TAX ACCOUNTING

P. 625

### **Rev. Proc. 2023-09** I.R.C. §§ 446, 461, 481

- A revenue procedure provides new rules for a safe harbor method of accounting under which real estate developers allocate common improvement costs.

## TAX RATES AND TABLES

P. 625

### **Rev. Proc. 2022-38**

- The IRS has issued 2023 tax inflation adjusted amounts. See chapter on Rates and Tables

### **Notice 2022-55 I.R.C. §§ 401, 402, 403, 457**

- The IRS announced increases in qualified retirement plan contribution limits. Posted chapter on Rates and Tables



## TRUSTS AND ESTATES

P. 626

### **Rev. Rul. 2023-02 I.R.C. § 1014**

- The date-of-death basis adjustment does not apply to assets of an irrevocable grantor trust that was not included in the decedent's gross estate.

## TABLE OF EXPIRATION DATES

PP. 627 - 629

This section lists tax provisions that expired in 2022 and 2023, will expire in 2024 to 2034, or have recently been made permanent. **Figure 15.2** is based on a list prepared by the staff of the Joint Committee on Taxation.

See Figure 15.2 Expiration Dates of Tax Provisions

QUESTIONS ??

