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PPP Direct Forgiveness Portal Created, Loan Questionnaire Discontinuance Explained

The U.S. Small Business Administration (SBA) is launching a streamlined application portal to allow certain borrowers to apply for Paycheck Protection Program (PPP) Loan forgiveness directly through the SBA. The SBA also is explaining why it discontinued use of Loan Necessity Questionnaires for PPP borrowers.

PPP Direct Forgiveness Portal

The SBA announced that it is launching a streamlined application portal to allow borrowers with PPP loans $150,000 or less through participating lenders to apply for forgiveness directly through the SBA. The new forgiveness platform will begin accepting applications from borrowers on August 4th, 2021.

In addition to the technology platform, the SBA is setting up a PPP customer service team to answer questions and directly assist borrowers with their forgiveness applications. Borrowers that need assistance or have questions should call (877) 552-2692, Monday to Friday, 8 a.m.-8 p.m. EST. More information on the PPP direct forgiveness portal is available at https://www.sba.gov/article/2021/jul/28/sba-announces-opening-paycheck-protection-program-direct-forgiveness-portal.

Loan Necessity Questionnaires

In updated FAQs, the SBA has explained why it discontinued use of the Loan Necessity Questionnaire. According to Treasury, based on the results of loan reviews that it has completed thus far, the SBA believes audit resources will be more efficiently deployed across all loans if the loan necessity questionnaire is discontinued. The loan necessity reviews, including the review of the borrower's completed Loan Necessity Questionnaire, are lengthy and have caused delays beyond the 90-day statutory timeline for forgiveness, thus negatively impacting those borrowers that made their loan necessity certification in good faith. For these reasons, SBA is discontinuing any reliance on the Loan Necessity Questionnaires.

The Loan Necessity Questionnaires (SBA Forms 3509 and 3510) were used to facilitate the collection of supplemental information that would be used by SBA loan reviewers to evaluate the good faith certification made by PPP borrowers on their loan application that economic uncertainty made the loan request necessary to support ongoing operations. Each borrower, that together with its affiliates, received PPP loans with an original principal amount of $2 million or greater was required to complete the form. In July, the SBA said it would no longer request either version of the Loan Necessity Questionnaire. In addition, Loan Necessity Questionnaires previously requested by the SBA are no longer required to be submitted.

Single-Employer Defined Benefit Pension Plan Funding Guidance Issued

Notice 2021-48

The IRS has issued guidance on the changes to the funding rules for single-employer defined benefit pension plans under Code Sec. 430 that were made by Sections 9705 and 9706 of the American Rescue Plan Act of 2021 (ARP), (P.L. 117-2). These changes also affect the application of the funding-based limits on benefits under Code Sec. 436.

Extension of Amortization Period for Shortfall Amortization Bases

Section 9705(a) of the ARP added Code Sec. 430(c)(8) to extend the amortization period for shortfall amortization bases. With respect to plan years beginning after December 31, 2021 (or, at the election of the plan sponsor, plan years beginning after December 31, 2018, December 31, 2019, or December 31, 2020), the shortfall amortization bases for all plan years preceding the first plan year to which this provision applies (and all shortfall amortization installments determined with respect to those bases) are reduced to zero, and shortfall amortization installments for all new shortfall amortization bases are calculated to amortize each shortfall amortization base over 15 plan years.

Changes to Adjusted 24-month Average Segment Rates

As amended by the ARP, the applicable minimum and maximum percentages are 95% and 105% for plan years beginning in 2020 through 2025. Further, Section 9706(a)(2) of the ARP amended Code Sec. 430(h)(2)(C)(iv)(I) to provide that if the average of the first, second, or third segment rate for any 25-year period is less than 5 percent, then 5 percent is substituted for that 25-year average. Section 9706(c)(1) of the ARP provides that the amendments made by §9706 are effective with respect to plan years beginning after December 31, 2019. However, §9706(c)(2) provides that a plan sponsor may elect not to have the amendments made by §9706 apply to any plan year beginning before January 1, 2022, either (as specified in the election) for all purposes or solely for purposes of determining the AFTAP for the plan year. In addition, under §9706(c)(2), a plan is not treated as failing to meet the requirements of Code Sec. 411(d)(6) solely by reason of this election.

Effect of §9706 on Interest Adjustments Under §3608(a) of CARES Act

The ARP segment rates are not used for determining that effective interest rate if the plan year for which the extended due date applies is a plan year beginning before January 1, 2020. This is because pursuant to §9706(c)(1) of the ARP, the ARP segment rates only apply with respect to a plan year beginning after December 31, 2019. In addition, if a contribution for a plan year beginning before January 1, 2020 is made after the original due date but no later than the extended due date under §3608(a) of the CARES Act, then the interest adjustment rules apply for purposes of determining the value of plan assets for the next plan year. Accordingly, the pre-ARP segment rates will apply to determine the effective interest rate that is used for this purpose.

Changes in AFTAP under Code Sec. 436

A change in a plan's AFTAP is treated as a deemed immaterial change if (1) the plan's AFTAP has been certified for a plan year beginning in 2020 or 2021 based on the minimum funding requirements not reflecting the amendments made by the ARP, (2) subsequently, but no later than December 31, 2021, a revised certification of the AFTAP for that plan year is made taking into account those changes to the minimum funding requirements and any related elections made as described in this notice, and (3) the plan sponsor does not elect to apply the change in AFTAP retroactively. The event that gives rise to this deemed immaterial change is the revised AFTAP certification. Accordingly, the plan must be operated in accordance with the revised AFTAP certification on a prospective basis.

A change in a plan's AFTAP is also treated as a deemed immaterial change if (1) the plan's AFTAP has been certified for a plan year beginning in 2020 or 2021 based on the minimum funding requirements not reflecting the amendments made by the ARP, (2) subsequently, but no later than December 31, 2021, a revised certification of the AFTAP for that plan year is made taking into account those changes to the minimum funding requirements and any related elections made as

REFERENCE KEY

USTC references are to ***U.S. Tax Cases***
Dec references are to ***Tax Court Reports***

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described in this notice, and (3) the plan sponsor elects to apply the AFTAP determined taking into account those amendments and elections retroactively. In that case, the operations of the plan must be conformed to that updated AFTAP for the period beginning when the AFTAP for the plan year was originally certified.

Reporting Requirements for Changes for 2019 Plan Year

The amendments made by the ARP may affect the plan's minimum required contribution for the plan year beginning in 2019 if the election to use the 15-year amortization is made for that plan year. If that election is made for the 2019 plan year, and it changes the minimum required contribution already reported on a 2019 Schedule SB, then the 2020 Schedule SB should reflect the revised minimum required contribution for the 2019 plan year.

Reporting Requirements for Changes for 2020 Plan Year

The amendments made by the ARP for the 2020 plan year may affect the plan's minimum required contribution for the 2020 plan year, and any elections made under the ARP that affect the minimum required contribution for the 2020 plan year should be reflected in the Schedule SB for the 2020 plan year.

Unemployment Compensation Refunds Continue

The IRS announced that another 1.5 million taxpayers would receive refunds averaging more than $1,600 as it continues to adjust unemployment compensation from previously filed income tax returns. The refund average is $1,686. Refunds by direct deposit were to begin July 28 and refunds by paper check were to begin July 30. This is the fourth round of refunds related to the unemployment compensation exclusion provision.

Taxpayers should file an amended return if they:

- did not submit a Schedule 8812 with the original return to claim the Additional Child Tax Credit and are now eligible for the credit after the unemployment compensation exclusion;
- did not submit a Schedule EIC with the original return to claim the Earned Income Tax Credit (with qualifying dependents) and are now eligible for the credit after the unemployment compensation exclusion; and
- are now eligible for any other credits and/or deductions not mentioned below. Make sure to include any required forms or schedules.

Taxpayers do not need to file an amended return if they:

- already filed a tax return and did not claim the unemployment exclusion; the IRS will determine the correct taxable amount of unemployment compensation and tax;
- have an adjustment, because of the exclusion, that will result in an increase in any non-refundable or refundable credits reported on the original return; and
- did not claim the following credits on their tax return but are now eligible when the unemployment exclusion is applied: Recovery Rebate Credit, Earned Income Credit with no qualifying dependents or the Advance Premium Tax Credit. The IRS will calculate the credit and include it in any overpayment.

IR-2021-159

Guidance Provided on Premium Assistance for COBRA Continuation Coverage

Notice 2021-46

The IRS provided additional guidance on the application of the American Rescue Plan Act of 2021 (ARP) (P.L. 117-2) relating to temporary premium assistance for Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA) continuation coverage. This notice supplements Notice 2021-31, I.R.B. 2021-23, and addresses additional issues.

Eligibility

The IRS noted that if the original qualifying event was a reduction in hours or an involuntary termination of employment, COBRA premium assistance is available to an individual entitled to elect COBRA continuation coverage for an extended period due to a disability determination, second qualifying event, or an extension under State mini-COBRA. This should fall under the extended period of coverage between April 1, 2021 and September 30, 2021, even if the taxpayer had not notified the plan or insurer of the intent to elect extended COBRA continuation coverage before the start of that period.

Next, the eligibility ends when the taxpayer becomes eligible for coverage under any other disqualifying group health plan or Medicare. This includes the other coverage not including all of the benefits provided by the previously elected COBRA continuation coverage.

Finally, if a plan (other than a multiemployer plan) subject to Federal COBRA covers employees of two or more members of a controlled group, each common law employer that is a member of the controlled group is the premium payee entitled to claim the COBRA premium assistance credit with respect to its employees or former employees.

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U.S. and United Kingdom Enter into Competent Authority Arrangements

Competent Authority Arrangement (MCA1)
Competent Authority Arrangement (MCA2)

The competent authorities of United Kingdom and the U.S. have entered into two Competent Authority Arrangements.

Withdrawal of United Kingdom from European Union

The competent authorities of United Kingdom and the U.S. have entered into a Competent Authority Arrangement with respect to the mutual agreement procedure provided for in paragraph 3 of Article 26 of the Convention between the United States of America and the United Kingdom of Great Britain and Northern Ireland for the Avoidance of Double Taxation and Prevention of Fiscal Evasion with Respect to Taxes on Income and on Capital Gains signed at London on July 24, 2001, as amended by the Protocol signed on July 19, 2002 (the Treaty).

The withdrawal of the United Kingdom from the European Union has created uncertainty as to whether a person resident in the United Kingdom may continue to be considered a "resident of a Member State of the European Community" for the purposes of applying the so-called "derivative benefits test" in paragraph 3 of Article 23 (Limitation on benefits) of the Treaty, including the term "equivalent beneficiary," as defined in subparagraph (d) of paragraph 7 of Article 23. Paragraph 7(d) of Article 23 states in relevant part that "an equivalent beneficiary is a resident of a Member State of the European Community . . ." provided that such resident satisfies certain tests in Article 23.

Both competent authorities agree that, for the purposes of applying paragraph 7(d) of Article 23, a "resident of a Member State of the European Community" continues to include a resident of the United Kingdom. This interpretation reflects the shared understanding of the competent authorities that residents of either Contracting State should be eligible to qualify as equivalent beneficiaries for purposes of applying the derivative benefits test in paragraph 3 of Article 23.

USMCA Supersedes NAFTA

The competent authorities of the United Kingdom and United States enter into this arrangement regarding the interpretation of the term "North American Free Trade Agreement" referred to in subparagraphs d) of paragraph 7 of Article 23 (Limitation on Benefits) of the Convention between the United States of America and the United Kingdom of Great Britain and Northern Ireland for the Avoidance of Double Taxation and Prevention of Fiscal Evasion with Respect to Taxes on Income and on Capital Gains signed at London on July 24, 2001, as amended by the Protocol signed on July 19, 2002.

Pursuant to paragraph 1 of the Protocol Replacing the North American Free Trade Agreement with the Agreement between the United States of America, the United Mexican States, and Canada, done at Buenos Aires on November 30, 2018, as amended by the Protocol of Amendment to that Agreement, done at Mexico City on December 10, 2019, the USMCA will supersede the North American Free Trade Agreement (NAFTA). The USMCA modernizes NAFTA, is entered into by the same parties, and governs the standards for trade and investment among the parties going forward. Pursuant to paragraph 3 of Article 25 (Mutual Agreement Procedure) of the Treaty, the competent authorities of the United Kingdom and the United States agree that the references to the NAFTA in subparagraph d) of paragraph 7 of Article 23 of the Treaty shall be understood as references to the USMCA upon entry into force of the USMCA.

Identity Protection PIN Opt-In Program Awareness Encouraged

IR-2021-158

The IRS has encouraged tax professionals to inform clients about the Identity Protection (IP) PIN Opt-In Program that can protect against tax-related identity theft. This is the second in a five-part weekly series sponsored by the Summit partners to highlight critical steps tax professionals can take to protect client data. Further, the IRS has created Publication 5367, IP PIN Opt-In Program for Taxpayers, for more information about IP PIN.

Following are additional details about the IP PIN:

- it is a six-digit number known only to the taxpayer and the IRS;
- the opt-in program is voluntary;
- the IP PIN should be entered onto the electronic tax return when prompted by the software product or onto a paper return next to the signature line;
- the IP PIN is valid for one calendar year, taxpayers must obtain a new IP PIN each year;
- only dependents who can verify their identities may obtain an IP PIN; and
- IP PIN users should never share their number with anyone but the

IRS and their trusted tax preparation provider.

Taxpayers may obtain an IP PIN through Get an IP PIN (https://www.irs.gov/identity-theft-fraud-scams/get-an-identity-protection-pin), the IRS online tool. Taxpayers must validate their identities through Secure Access authentication to access the tool and their IP PIN. Before attempting this rigorous process, taxpayers must see Secure Access: How to Register for Certain Online Self-Help Tools (https://www.irs.gov/individuals/secure-access-how-to-register-for-certain-online-self-help-tools). However, the tool will be offline between November and January. If taxpayers are unable to validate their identity online and their income is $72,000 or less, they may file Form 15227, Application for an Identity Protection Personal Identification Number. The IRS will call the telephone number provided on Form 15227 to validate your identity. However, for security reasons, the IRS will assign an IP PIN for the next filing season. The IP PIN cannot be used for the current filing season.

Taxpayers who cannot validate their identities online, or on the phone with an IRS employee after submitting a Form 15227, or who are ineligible to file a Form 15227 may call the IRS to make an appointment at a Taxpayer Assistance Center. They will need to bring one picture identification document and another identification document to prove their identity. Once verified, the taxpayer will receive an IP PIN via U.S. Postal Service within three weeks. The IP PIN process for confirmed victims of identity theft would remain unchanged and they would automatically receive an IP PIN each year.

Entities Must Update EIN Information Within 60 Days of Change

The IRS urged entities with Employer Identification Numbers (EINs) to update their applications if there has been a change in the responsible party or contact information. The Service called this a key security issue. The regulations require EIN holders to update responsible party information within 60 days of any change by filing Form 8822-B, Change of Address or Responsible Party - Business.

The IRS defines the responsible party as the individual or entity who "controls, manages, or directs the applicant entity and the disposition of its funds and assets." All EIN applications (mail, fax, electronic) must disclose the name and Taxpayer Identification Number (Social Security number, Individual Taxpayer Identification Number or EIN) of the true principal officer, general partner, grantor, owner or trustor. Finally, entities with EINs that are no longer in use should close their IRS tax accounts and follow steps outlined at Canceling an EIN - Closing Your Account (https://www.irs.gov/businesses/small-businesses-self-employed/canceling-an-ein-closing-your-account).

IR-2021-161

Water Right Costs Deduction Allowed

IRS Letter Ruling 202129001

A corporation (taxpayer) was allowed to deduct a payment made to an entity as an ordinary and necessary business expense under Code Sec. 162(a). The payment represented the allocable share of costs of the entity's acquisition of a water right, in accordance with a joint development agreement (JDA) it entered into with the taxpayer. The IRS noted that the payment was for carrying on the taxpayer's business. The taxpayer made the payment pursuant to the JDA, that the taxpayer expected would reduce its future operating costs. The entity would pay the taxpayer for the use of certain facilities and reimburse the taxpayer for costs incurred at these facilities.

Next, under Reg. §1.263(a)-4, the taxpayer was not required to capitalize the payment in light of the fact that it did not acquire any asset from the entity in a purchase or similar transaction. The payment was made pursuant to the terms of a contract in order to carry out the taxpayer's responsibilities under the contract. The payment did not create or enhance a future benefit. This right was intrinsically incapable of being sold, transferred, or pledged separately and apart from the business.

Finally, the payment could not have facilitated the creation of contracts. Therefore, Reg. §1.263(a)-4(e) would not apply. The taxpayer's payment for its allocable share of environmental mitigation costs was not an amount paid to acquire an intangible property from another party or to create a separate and distinct intangible. Although the taxpayer and the entity entered into the contracts pursuant to the JDA, the payment under the JDA was not a cost of creating the contracts nor a cost paid in the process of investigating or pursuing the creation of them. Further, the taxpayer's liability for the payment arose after the creation of the contracts under the terms of the JDA.

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Individual Liable for First Tier Tax and Additions to Tax

G. Ononuju, TC Memo. 2021-94, Dec. 61,907(M)

An individual was liable for a first-tier tax under Code Sec. 4958(a). The taxpayer failed to correct multiple improper transactions. The taxpayer's husband (a doctor) incorporated an entity (A1), later granted tax exempt status under Code Sec. 501(a) and Code Sec. 501(c)(3). The taxpayer held various positions in A1 including directorship.

The court noted as president and founder of A1, the husband was clearly a disqualified person. Therefore, the taxpayer was automatically deemed to be a disqualified person. The taxpayer supplied no contemporaneous substantiation to show that A1 clearly indicated intending to treat a sum as compensation for her services. A1 did not report compensation on a Form W-2, and the taxpayer did not report them on her Form 1040. Thus, the taxpayer was foreclosed from contending another amount she received was not an excess benefit paid in consideration of her performance of services.

The taxpayer also did not correct the excess benefit transactions within the tax period. Nor did she show any effort to place A1 in a financial position not worse than that in which it would be if she were dealing with it under the highest fiduciary standards. However, the taxpayer retained the opportunity to avoid assessment and collection of the second-tier tax. The correction period would remain open at least until the court's decision was final following any appeal.

Finally, the taxpayer was liable for additions to tax under Code Sec. 6651(a)(2). The taxpayer's failure to pay, like her failure to file, was not due to reasonable cause. The taxpayer produced no credible evidence proving undue hardship.

Income Fraudulently Underreported for Some Years; Fraud Penalties Imposed

G.S. Harrington, TC Memo. 2021-95, Dec. 61,908(M)

A married couple, having offshore bank accounts, fraudulently underreported the husband's income for some tax years at issue but not others. The IRS met the minimal evidentiary foundation that connected the taxpayers with unreported income by introducing extensive banking records showing substantial income from foreign investment vehicles. Further, the husband was listed as the beneficial owner of the offshore accounts and he himself had obtained the power of attorney for the management of related assets. The bank records also showed that the husband received and reviewed account statements, instructed bankers to consider new investment strategies, and transferred assets between them, thereby exercising significant control over them. Therefore, the taxpayers failed to prove that the IRS determinations of unreported income were arbitrary or erroneous.

Moreover, the IRS successfully established that supervisory approval requirements were met. The taxpayers contended that the revenue agent (RA) had fraudulently backdated a relevant form. However, there was no evidence to suggest that the RA and her supervisor had engaged in a concerted effort to falsify documents. The IRS also produced internal emails confirming the accuracy of the entries on the RA's case activity record. The taxpayers, therefore, failed to show that supervisory approval of the fraud penalties was untimely. Since the taxpayers offered no clear evidence to establish backdating on the form, the IRS satisfied the requirements of Code Sec. 6751(b)(1).

In addition, the taxpayers acted with fraudulent intent because they deliberately understated the husband's income, kept inadequate records to conceal information, provided implausible and inadequate explanations, concealed assets, failed to cooperate with tax authorities, were not credible witnesses and filed false documents. However, the IRS introduced no factual evidence to support an adjustment made to one of the tax years at issue and had not explained the rationale for it. Thus, the IRS failed to show that the taxpayers underpaid their tax for that one tax year at issue and was thus barred from assessing the deficiency and the fraud penalty determined for that year. Further, the taxpayers contended that their underpayments for the other tax years at issue were attributable to good faith misunderstanding of the tax laws. However, the husband was an experienced businessman and investor and there was no support for the notion that he genuinely misunderstood the requirements of U.S. tax law. Finally, the IRS had properly produced certificates of assessment and payment for the remaining tax years at issue which was more than sufficient to sustain the fraud penalty. Consequently, the IRS established by clear and convincing evidence that the underpayments of tax for the remaining tax years at issue were attributable to fraud and the Service was not barred under Code Sec. 6501(a) from assessing any deficiency for those years.

Individual Penalized for Failing to Timely Report Trust Distributions Received

E.S. Wilson, CA-2, 2021-2USTC ¶50,197

An individual, who was the sole owner and beneficiary of a foreign trust, was held liable for a 35% penalty for failing to timely report distributions he received from the trust. The taxpayer had untimely filed Form 3520, Annual Return to Report Transactions with Foreign Trusts and Receipt of Certain Foreign Gifts. The executrix of the taxpayer's estate contended that the government should have imposed only a 5% penalty because the taxpayer was responsible for reporting all the required information, including the distributions he had received, as the trust owner. The district court had held that the taxpayer should have been penalized only as the trust owner.

However, under Code Sec. 6048(c), the phrase "any United States person," included U.S. owners and beneficiaries of foreign trusts alike and it made no exception for a beneficiary who was also the owner of a foreign trust. The taxpayer was therefore required to timely report the distribution from the trust. Further, the IRS had correctly assessed the 35% penalty under Code Sec. 6677 because the taxpayer had failed to timely report the distributions. The district court's reasoning missed the fact that "gross reportable amount" varied depending on the subsection of Code Sec. 6048 the taxpayer had violated. Therefore, the 35% penalty of the gross amount of the distributions did not exceed the gross reportable amount of the distribution received by the taxpayer. Finally, the separate reporting for owners and beneficiaries did not erase the taxpayer's concurrent beneficiary status for the purpose of Code Sec. 6048(c). Consequently, the district court's judgment was vacated since the government had the authority to impose a 35% penalty.

Vacating and remanding a DC N.Y. decision, 2019-2 USTC ¶50,277.

2021 Supplemental Application LITC Recipient Announced

IR-2021-162

The IRS announced that West Virginia University (WVU) College of Law was selected for its 2021 Supplemental Application Low Income Taxpayer Clinic (LITC) matching grant. WVU College of Law operates an important tax controversy litigation clinic and will now be available to assist low-income and English as a second language (ESL) taxpayers located within West Virginia, a state that has not had an LITC-funded clinic for two and a half years. WVU was awarded a grant for $100,000 with a period of performance of 18 months from July 1, 2021, to December 31, 2022.

LITCs represent low-income taxpayers in federal tax disputes with the IRS and provide taxpayer education and outreach to both low income and ESL taxpayers. The IRS's LITC supplemental application expands coverage to states without a clinic, giving priority to qualified organizations in underrepresented geographic areas.

TAX BRIEFS

Consolidated Returns

The IRS ruled that four subsidiaries of a parent company were to be treated as having each filed a Form 1122, Authorization and Consent of Subsidiary Corporation To Be Included in a Consolidated Income Tax Return. The taxpayer and said subsidiaries did not satisfy requirements for consolidated returns. The taxpayer also did not attach Form 851, Affiliations Schedule.

IRS Letter Ruling 202130016

Disciplinary Actions

The IRS's Office of Professional Responsibility has published the names of attorneys, certified public accountants (CPAs), enrolled agents, enrolled actuaries, enrolled retirement plan agents, and appraisers who are not enrolled to practice and not licensed as attorneys or CPAs. Attorneys, CPAs, enrolled agents, enrolled actuaries, and enrolled retirement plan agents are barred from accepting assistance from, or assisting, any disbarred or suspended practitioner if the assistance relates to a matter constituting practice before the IRS; further, they cannot knowingly aid or abet another person to practice before the IRS during the period of that person's suspension, disbarment, or ineligibility.

Announcement 2021-12

Low-Income Housing Credit

The IRS provided population figures in qualified disaster zones for state and local

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housing credit agencies to use in calculating the increased applicable dollar limitation for low-income housing credit allocations in 2021 and 2022.

Notice 2021-45

Penalties

A district court's dismissal of an individual's substantive due process claim was affirmed. One of the judges ruled that the taxpayer did not brief the intermediate scrutiny standard in a manner adequate to permit resolution on the basis of intermediate scrutiny.

Maehr, CA-10, 2021-2USTC ¶50,196

Public Utility Property

The IRS ruled on the status of public utility property. First, the facilities owned by multiple partnerships would not be considered public utility property under Code Sec. 168(i)(10). Moreover, each partnership was not subject to the deferred tax normalization rules or investment tax credit normalization rules. Second, multiple unrelated facilities were also not treated as public utility property owned by a corporation (taxpayer) and its partner.

IRS Letter Ruling 202130005

Qualified Conservation Contributions

The IRS Chief Counsel ruled that decreasing the portion of the proceeds required to be allocated to the donee upon extinguishment under Reg. §1.170A-14(g)(6)(ii) causes the easement to fail requirements of Code Sec. 170(h) unless, as provided in Reg. §1.170A-14(g)(6)(ii), state law provides that the donor is entitled to the full proceeds from the conversion. The deduction is allowed only if the charitable contribution is verified.

Chief Counsel Advice Memorandum 202130014

Tax-Exempt Organizations

An organization's request for tax-exempt status was denied under Code Sec. 501(c)(4). The organization was a nonprofit corporation that operated as a condominium association. The organization did not operate exclusively for the promotion of social welfare because its activities were for the private benefit of its members.

IRS Letter Ruling 202130015