



FEDERAL TAX WEEKLY

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TIGTA Reports at Fiscal Year-end

The Treasury Inspector General for Tax Administration recently released a number of reports at the end of the federal government's 2024 fiscal year ending September 30, 2024. These reports covered a range of topics. Here are the highlights for the reports issued on that date.

More Than A Billion In Unreported Gambling Income

TIGTA noted in a report that the Internal Revenue Service has not enforced income tax return filing requirements for recipients of millions of Forms W-2G, Certain Gambling Winnings, reporting billions of dollars in gambling winnings.

The Treasury watchdog examined all Forms W-2G issued to individuals in tax years 2018 through tax year 2020 "and found 148,908 individuals who were issued Forms W-2G with a total amount of more than \$15,000 per individual in gambling winnings and did not file a return," These nonfilers were associated with \$13.2 billion in total gambling winnings.

From this group, IRS has included 139,045 in its nonfiler case creation process inventory and estimates that getting compliance from this group "could potentially increase tax revenue by approximately \$1.4 billion." The agency told TIGTA it plans to begin enforcement action where appropriate.

Additional Work Needed On ERC Claims

TIGTA reported on IRS efforts to prevent fraudulent Employee Retention Credit claims payouts, finding it still has work to do regarding fund that have already been paid out.

The Treasury watchdog found that the IRS "updated identity theft filters and reports it identified more than 155,000 tax returns claiming potentially erroneous ERC preventing \$487 million in refunds from being issued during Processing Year 2021 through 2023," the report states. "However, the IRS does not apply updated filters to tax returns that were previously screened using old criteria," with TIGTA identifying 997 returns reporting \$19.6 million in potentially erroneous ERC through July 20, 2023, that the IRS did not identify.

TIGTA also noted that IRS changed reviewing thresholds that kept 184,923 returns claiming \$41.8 billion in ERC "from being considered for possible preredund examination." The IRS said it would review these claims.

Improvements Needed To Boost Free File Program Participation

TIGTA reported that the IRS "does not have sufficient oversight of the Free File Program partners to ensure that they are meeting all requirements to protect tax return data from unauthorized disclosure for taxpayers filing returns through the free file program."

The Treasury watchdog noted that several companies while participating in the Free File Program have been sanctioned by the Federal Trade Commission for unauthorized disclosure of taxpayer information.

“However, IRS Free File Program management has noted that they would not consider allegations of wrongdoing as a reason to remove a partner from the IRS Free File Program,” the report states. TIGTA added that IRS has never removed a partner from the Free File Program.

TIGTA also notes that the IRS “has not implemented any effective solutions to increase taxpayer participation in the Free File program,” with only about three

percent of taxpayers using the program annually from 2000 through 2024. It recommended that IRS ask partners to help promote the program, but the IRS did not agree with that recommendation, questioning whether agreements between the agency and the partners allows the agency to make such a request.

Some Taxpayers Have Taken Early Retirement Distributions But Did Not Pay Taxes

A TIGTA analysis of Tax Year 2021 found that “approximately 2.8 million taxpayers

who received early distribution of approximately \$12.9 billion ... did not pay the additional 10 percent tax and did not file Forms 5329,” the watchdog reported.

The Treasury watchdog added that approximately 2.3 million of the 2.3 million of the 2.8 million taxpayers did not properly report \$11.4 billion in early distribution as taxable income, including 880 taxpayers with distribution amounts of more than \$200,000.

It recommended that amending the Automated Underreporter notice program “to alert taxpayers who are potentially noncompliant with income and taxes associated with early distribution could help bring more taxpayers into compliance.”

Victims of Hurricanes Helene and Milton Granted Tax Relief

IR-2024-266

The IRS has extended tax relief to the victims of Hurricanes Helene and Milton in all of Alabama, Florida, Georgia, North Carolina and South Carolina, and parts of Tennessee and Virginia, until May 1, 2025, to file various individual and business tax returns and make tax payments. Taxpayers with disaster-related tax questions can call the agency’s disaster hotline at 866-562-5227. More information can be found at <https://www.disasterassistance.gov/>.

Filing and Payment Deadlines Extended

Affected taxpayers will now have until May 1, 2025, to file returns and pay any taxes that were originally due. Tax-year 2023 tax payments would not be eligible for this extension. May 1 is also the deadline for filing tax year 2024 returns and paying any tax due.

Payments Generally Excluded from Gross Income

Affected taxpayers can exclude amounts received from a government agency for reasonable and necessary personal, family, living, or funeral expenses from their gross income. This includes amounts related to repair or rehabilitation of their home, or for the repair or replacement of its contents.

Special Disaster Distribution

Additional relief may be available to affected taxpayers who participate in a retirement plan or individual retirement arrangement (IRA). For example, a taxpayer may be eligible to take a special disaster distribution that would not be subject to the additional 10 percent early distribution tax. This allows the taxpayer to spread the income over three years. Taxpayers may also be eligible to make a hardship withdrawal.

Casualty Loss Tax Deduction

The casualty loss tax deduction is available for damaged or destroyed property not covered by insurance or other reimbursement and can result in a larger refund. Taxpayers can choose to claim it on either the return for the year the loss occurred or the return for the prior year. For individual taxpayers, the deadline for making this election is October 15, 2025.

Free Documentation

Taxpayers can get a free transcript of their returns if their tax records were lost or destroyed, or to apply for disaster assistance. Disaster area taxpayers can also get a free copy of their tax return by filing Form 4506, Request for Copy of Tax Return.

REFERENCE KEY

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

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Arizona Watch Fire Victims Granted Tax Relief

IR-2024-268

The IRS has extended tax relief to the victims of Watch Fire in all of Arizona. Taxpayers have until February 3, 2025, to file various individual and business tax returns and make tax payments.

Filing and Payment Deadlines Extended

The IRS has postponed various tax filing and payment deadlines that occurred starting on July 10, 2024. As a result, the affected taxpayers will now have until February 3, 2025, to file returns and pay any taxes that were originally due during this period. This includes individuals who had a valid extension to file their 2023 income tax return.

The February 3, 2025, deadline applies to estimated income tax payments due on September 16, 2024, and January 15, 2025. In addition, the quarterly payroll and excise tax returns normally due on July 31 and October 31, 2024, and January 31, 2025 are also now due on

Safe Harbor for Sustainable Aviation Fuel Credit Updated

A taxpayer using a 40BSAF-GREET 2024 safe harbor provided in Notice 2024-37 to calculate its emissions reduction percentage with respect to claims that relate to the sale or use of a sustainable aviation fuel (SAF) qualified mixture on or after October 18, 2024, must use the October 2024 version of the 40BSAF-GREET 2024 model and the accompanying user manual. This updated version of the model was released on October 18, 2024.

The updated model addresses a calculation issue in the April 2024 version related to catalyst inputs for the Alcohol to Jet (ATJ) SAF pathways. Specifically, the calculation issue relates to the proportion of catalyst used to produce certain amounts of SAF for which the April 2024 version does not account, resulting in inaccurate estimates of the emissions associated with the catalyst input. The October 2024 version of the model changes the calculation of the ATJ SAF pathways by lowering the emissions associated with the catalyst input. This is the only change made by the October 2024 version.

Notice 2024-37, 2024-21 I.R.B. 1191, is amplified.

Notice 2024-74; IR-2024-272

February 3, 2025. Penalties on payroll and excise tax deposits due on or after July 10, 2024, and before July 25, 2024, will be abated, as long as the deposits are made by July 25, 2024.

The affected taxpayers do not need to contact the IRS to obtain this relief. The IRS will work with taxpayers who live outside the disaster area but whose records necessary to meet a deadline occurring during the postponement period are located in the affected area. Taxpayers qualifying for relief who live outside the disaster area need to contact the IRS at 866-562-5227.

Casualty Losses

Individuals and businesses in a federally declared disaster area who suffered uninsured or unreimbursed disaster-related losses can choose to claim them on either the return for the year the loss occurred (2024), or the return for the prior year (2023). Taxpayers claiming a disaster loss on their tax return should write the appropriate FEMA declaration number “4833-DR” on any return claiming a loss. Finally, taxpayers should Publication 547 and visit [disasterassistance.gov](https://www.irs.gov/disasterassistance) for information on disaster recovery.

Washington Victims of Wildfires Granted Tax Relief

Washington Disaster Relief Notice (WA-2024-09)

The president has declared a federal disaster area in Washington. The disaster is due to wildfires that began on June 22, 2024. The disaster area includes the Confederated Tribes and Bands of the Yakama Nation.

Taxpayers who live or have a business in the disaster area may qualify for tax relief.

Washington Filing Deadlines Extended

The IRS extended certain deadlines falling on or after June 22, 2024, and on or before

February 3, 2025, to February 3, 2025. This extension includes filing for most returns, including:

- individual, corporate, estate and trust income tax returns;
- partnership and S corporation income tax returns;
- estate, gift and generation-skipping transfer tax returns;
- the Form 5500 series returns;
- annual information returns of tax-exempt organizations; and
- employment and certain excise tax returns.

However, the extension does not include information returns in the Form W-2, 1094, 1095, 1097, 1098, or 1099 series or Forms 1042-S, 3921, 3922, or 8027.

Washington Payment Deadlines Extended

The relief includes extra time to make tax payments. This includes estimated tax payments due on or after June 17, 2024, September 16, 2024, and January 15, 2025, and before February 3, 2025. Further, taxpayers have until February 3, 2025, to perform other time-sensitive actions due on or after June 22, 2024 and before February 3, 2025.

The IRS is excusing late penalties for employment and excise tax deposits due on or after June 22, 2024, and before July 8, 2024. But, the taxpayer must have made the deposits by July 8, 2024.

Casualty Losses

Affected taxpayers can claim disaster-related casualty losses on their federal income tax returns. Taxpayers may obtain relief by claiming their losses on their 2023 or 2024 return. Individuals may deduct personal property losses

not covered by insurance or other reimbursements.

Taxpayers claiming a disaster loss on their 2023 or 2024 return should write the assigned FEMA declaration number “4823-DR” at the top of the return. This will allow the IRS to speed refund processing.

Also, the IRS will provide affected taxpayers with copies of prior year returns without charge. To obtain this expedited service, taxpayers should add the disaster designation at the top of Form 4506, Request for a Copy of Tax Return, or Form 4506-T, Request for Transcript of Tax Return; and submit it to the IRS.

IRS Warns of Charity Scams Following Hurricanes Milton and Helene

IR-2024-269

The IRS has offered some tips to taxpayers about scammers using fake charities to exploit unsuspecting donors in the aftermath of Hurricanes Milton and Helene. Donors can use the Tax-Exempt Organization Search (TEOS) tool on IRS.gov to:

- verify the legitimacy of a charity;
- check eligibility for tax-deductible contributions; and

- search for information on an organization's tax-exempt status.

Further, to avoid fake charities, the IRS advises taxpayers to:

- always verify charities to avoid confusion with similar names;
- be cautious about donation requests; avoid giving gift card numbers;
- not disclose personal information; and
- not give in to pressure; take time to verify charities.

Additionally, the IRS encourages taxpayers to report suspicious charities to the FBI's resources on Charity and Disaster Fraud. Finally, the IRS reminds taxpayers who give money or goods to a charity to claim a deduction only if donations go to a qualified tax-exempt organization.

Final Regulation on Withholding for Pension and Annuity Income Delivered Outside U.S.

T.D. 10008

A final regulation provides guidance, in question-and-answer format, on the income tax withholding rules for certain pension, annuity and deferred income payments delivered outside of the United States. The new rule expands on prior IRS guidance (Notice 87-7, 1987-1 C.B. 420).

Deferred Income Sent Outside U.S.

Pension, annuity and other similar deferred income payments are subject to mandatory withholding if the payments are delivered outside of the United States or the U.S. possessions. Taxpayers receiving these payments generally cannot elect out of

withholding. Mandatory withholding does not apply, however, if the recipient certifies to the payor that he or she is not a U.S. citizen, a resident alien, or a tax-avoidance expatriate under Code Sec. 877.

Notice 87-7 addresses the mandatory withholding duties of payors on distributions to:

- payees who have provided payors with a residence address outside the U.S.;
- payees who have provided payors with a residence address within the U.S.; and
- payees who have not provided payors with a residence address.

The final regulation is based on Notice 87-7, but also clarifies the withholding rules for:

- distributions to payees who provide payors with an Army Post Office (APO), Fleet Post Office (FPO), or Diplomatic Post Office (DPO) address;

- distributions to payees who provide payors with a residence address located within the U.S., but also provide payment instructions requesting that the distribution be delivered to a financial institution or other person located outside of the U.S.; and

- U.S.-source distributions to nonresident aliens.

The final regulation does not apply to eligible rollover distributions.

Applicability

The final regulation applies to payments and distributions made on or after January 1, 2026, but taxpayers can apply it to earlier payments and distributions. Notice 87-7 is obsolete for payments and distributions made after December 31, 2025.

IRS Grants Relief for Applicable Entity's Elective Payment Election

Rev. Proc. 2024-39; IR-2024-267

The IRS is granting three types of relief with respect to an applicable entity's election to treat an applicable credit as a federal tax payment for a tax year ending between December 31, 2023, and November 30, 2024 (inclusive):

- The IRS will grant an automatic six-month extension to file a Form 990-T, Exempt Organization Business Income Tax Return, that makes the election, along with any other relevant schedules (such as Form 3800, General Business Credit).
- The election may be made on a paper Form 990-T. The return does not have to be filed electronically.
- An applicable entity that receives notice of an ineffective late election may call a special IRS number for assistance.

The IRS is offering this relief because it recognizes that many applicable entities were unfamiliar with the filing and extension process with respect to Form 990-T. Other entities may have been unable to make elections on timely electronically-filed Form 990s-T because of limitations in electronic filing capabilities of third-party return preparers.

Entities Eligible for Automatic Extension

An applicable entity is eligible for the automatic six-month filing extension if it:

- had a filing obligation under Code Secs. 6011 or 6033(a);
- did not otherwise receive an extension of time to file a return;

- is filing a Form 990-T to make an elective payment election for a tax year ending on any day between, and including, December 31, 2023 through November 30, 2024, regardless of whether it previously filed a return for that tax year; and

- meets all other requirements for making an elective payment election, including pre-filing registration.

The six-month filing extension is automatic. The applicable entity does not need to file a Form 8868, Application for Extension of Time to File an Exempt Organization Return. Although an applicable entity that already received a filing extension is not eligible for this automatic extension, its existing extension continues to apply.

The automatic extension gives an applicable entity an additional six months to file an original or superseding Form 990-T and any relevant schedules. For example, an applicable entity with a tax year ending on December 31, 2023, may timely file a Form 990-T to make an elective payment election on or before November 15, 2024. Similarly, an applicable entity with a tax year ending on November 30, 2024, may timely file a Form 990-T to make an elective payment election on or before October 15, 2025.

Entities Eligible to File Paper Form 990-T

Returns that include elective payment elections generally must be filed electronically.

However, for a tax year ending between December 31, 2023 through November 30, 2024 (inclusive), an applicable entity may make its election on a paper Form 990-T (and other relevant schedules and credit forms) if it meets all other requirements for making the election. The paper return must be mailed to the IRS service center in Ogden, Utah.

This relief is not limited to applicable entities that qualify for the automatic extension. An applicable entity that already received a filing extension may also file its Form 990-T on paper.

Despite this relief, the IRS strongly encourages entities to file electronic returns to ensure more efficient processing of the election.

Help with Ineffective Election Notice for Late Election

If an applicable entity that is eligible for the six-month automatic extension described above makes an elective payment election on a Form 990-T filed from a date after the original due date through the extended due date, and receives an IRS letter stating that the election is ineffective because the return was late filed, the entity can obtain assistance by calling the IRS Tax Exempt and Government Entities Customer Account Services at 877-829-5500. The entity should explain that is entitled to an automatic extension of time to file under Rev. Proc. 2024-39.

Guidance Provided on EPCRS and Inadvertent Benefit Overpayments

Notice 2024-77

The IRS issued interim guidance in the form of questions and answers on the impact of Code Secs. 402(c)(12) and 414(aa) on the

Employee Plans Compliance Resolution System (EPCRS). The guidance also addresses the impact on correction of inadvertent benefit overpayments. This notice is effective on October 15, 2024.

Background

Rev. Proc. 2021-30, I.R.B. 2021-31, 172, sets forth EPCRS, a system of correction programs for certain employer sponsored

retirement plans. A participant or beneficiary may make corrective payments in a lump sum, in installments, or through reductions in future payments. Previously, if a plan sponsor chose not to seek recoupment from a participant or beneficiary or was unsuccessful in obtaining full recoupment, the plan sponsor or another person had to make corrective payments to the extent the full overpayment amount was not repaid to the plan.

Inadvertent Benefit Overpayment

According to the guidance, an inadvertent benefit overpayment under Code Secs. 402(c)(12) and 414(aa) is an eligible inadvertent failure that occurs due to a payment made from a plan exceeding limitations under the Code or the terms of the plan. An inadvertent benefit overpayment would

also include a payment made before a distribution is permitted under the Code or the terms of the plan. However, an inadvertent benefit overpayment does not include a payment made (1) to a disqualified person or owner-employee; or (2) pursuant to a correction method provided under Rev. Proc. 2021-30 for a different qualification failure.

Corrective Payments

A failure to obtain payment on account of any inadvertent benefit overpayment would not affect a plan's qualification, according to the IRS. Thus, a corrective payment generally is not required to be made to a plan with respect to an inadvertent benefit overpayment. Although a corrective payment is not required for an inadvertent benefit overpayment, other failures could occur as the result

of an inadvertent benefit overpayment that could require a corrective payment. In addition, corrective payments are still required with respect to failures to observe funding based benefit restrictions that apply to certain single-employer defined benefit plans and to failures to observe contribution limits under Code Secs. 401(a)(17) and 415.

Recoupment of Inadvertent Benefit Overpayments

Under the guidance, recoupment from overpayment recipients is permitted but not required. Therefore, a plan sponsor could continue to use the overpayment correction methods in EPCRS.

The Treasury Department and the IRS invite comments on the guidance issued. Comments should be submitted in writing on or before December 16, 2024.

List of Preventive Care Benefits for HDHP Expanded

Notice 2024-75

The IRS has expanded the list of preventive care benefits permitted to be provided by a high deductible health plan (HDHP) under Code Sec. 223(c)(2)(C) without a deductible, or with a deductible below the applicable minimum deductible for the HDHP, to include oral contraception, breast cancer screening, and continuous glucose monitors for certain patients.

Contraceptives

A health plan will not fail to qualify as an HDHP under Code Sec. 223(c)(2) merely because it provides benefits for over-the-counter (OTC) oral contraceptives, including emergency contraceptives, and male condoms before taxpayers satisfied the minimum annual deductible for an HDHP under Code Sec. 223(c)(2)(A). The HRSA-Supported Guidelines relating to contraceptives have been updated

and no longer contain the "as prescribed" restriction.

Breast Cancer and Diabetes Care

The IRS has also clarified that all types of breast cancer screening for taxpayers (including those other than mammograms) who have not been diagnosed with breast cancer will be treated as preventive care under Code Sec. 223(c)(2)(C). Moreover, continuous glucose monitors for individuals diagnosed with diabetes are also treated as preventive care under Code Sec. 223(c)(2)(C).

Insulin Products Safe Harbor

The new safe harbor for absence of a deductible for certain insulin products under Code Sec. 223(c)(2)(G) will apply without regard to whether the insulin product was prescribed to treat taxpayers

diagnosed with diabetes, or prescribed for the purpose of preventing the exacerbation of diabetes or the development of a secondary condition.

Effective Date

This guidance is generally effective for plan years (in the individual market, policy years) that begin on or after December 30, 2022.

Effect on Other Documents

Notice 2004-23 is clarified by noting the safe harbor for absence of a deductible for breast cancer screening.

Notice 2018-12 is superseded with respect to the guidance regarding male condoms.

Notice 2019-45 is clarified and expanded by noting the safe harbor for absence of a deductible for continuous glucose monitors and for certain insulin products pursuant to the Inflation Reduction Act of 2022.

IRS Provides Safe Harbor for Amounts Paid for Condoms

Notice 2024-71

The IRS has provided a safe harbor under Code Sec. 213(d) for amounts paid for condoms. Because amounts paid for condoms are treated as expenses for medical care, these amounts are deductible if the other requirements of Code Sec. 213(a) are met (for example, if a taxpayer's total medical expenses exceed the 7.5-percent

adjusted gross income limitation and are not compensated for by insurance or otherwise).

Eligibility for Deduction

To be eligible for the deduction, the amounts must be paid by the taxpayer for condoms for the taxpayer, the taxpayer's spouse, or the

taxpayer's dependent. Additionally, because amounts paid for condoms are treated as expenses for medical care, these amounts are also eligible to be paid or reimbursed under a health FSA, Archer MSA, HRA, or HSA. However, if an amount paid for condoms is paid or reimbursed under a health FSA, Archer MSA, HRA, HSA, or any other health plan, it is not a deductible expense under Code Sec. 213.

FinCEN Clarifies Telecommunications Service Provider Exemption from BOI Reporting

FinCEN Final Rule RIN 1506-AB49

The Financial Crimes Enforcement Network (FinCEN) has issued a final rule to clarify that certain telecommunications service providers qualify as "regulated public utilities" and are exempt from the beneficial ownership information (BOI) reporting requirements of the Corporate Transparency Act (CTA).

The CTA requires certain types of domestic and foreign entities to submit information about their beneficial owners to FinCEN. Certain entities are exempt from BOI reporting, including a regulated public utility (as defined in Code Sec. 7701(a)(33)(A)) that provides telecommunications services, electrical power, natural gas, or water and sewer services within the United States. In June 2024, FinCEN issued guidance

clarifying that this exemption includes a corporation engaged in the furnishing or sale of telephone or telegraph services if the rates for furnishing or sale meet the requirements of Code Sec. 7701(a)(33)(A), as specified in Code Sec. 7701(a)(33)(D).

The final rule amends 31 CFR Reg. §1010.380 to reflect the clarification, and is effective immediately upon publication in the Federal Register.

Charitable Contribution Deductions No Longer Allowed for Organizations

Announcement 2024-35

The IRS has announced that the following organizations no longer qualify under Code Sec. 170(c)(2) as an organization for which deductions for charitable contributions are allowed.

- Academy School of Excellence, Inc., of Florida. Effective revocation date: January 1, 2020.
- Bluediimon Foundation, Inc., of Texas. Effective revocation date: January 1, 2020.

However, contributions made to the organization before October 21, 2024, will generally be deductible, unless made by a person who (1) knew of the revocation, (2) was aware that the revocation was imminent, or (3) was responsible, in whole or in part, for the activities or deficiencies that gave rise to the loss of qualification.

If the organization files suit, in a timely manner, for declaratory judgment under Code Sec. 7428, challenging the revocation of its status as an eligible

donee of deductible charitable contributions, Code Sec. 170 contributions will continue to be deductible. Protection under Code Sec. 7428(c) would begin on September 27, 2024. The maximum amount of individual contributions protected would be \$1,000, with a husband and wife treated as one taxpayer. This protection is not afforded to anyone who was responsible, in whole or in part, for the acts or omissions of the organization that resulted in the revocation of qualification.

IRS Launches 2024 Nationwide Tax Forum Online

IR-2024-270

The IRS has launched the 2024 Nationwide Tax Forum Online, providing tax professionals with access to 18 seminars recorded from this year's IRS Nationwide Tax Forum. The forum offers a convenient way for tax professionals to stay updated on current tax laws, IRS

procedures and essential topics for the upcoming tax season.

The new seminars include:

- Bark and Bite: How the IRS Watchdog Protects You from Fraud and Scams;
- Circular 230 and the Lifecycle of a Practitioner Practicing Before the IRS;
- Choosing Retirement Plans in a SECURE 2.0 World;

- Digital Assets: What Tax Pros Should Know; and

- IRS Transformation and the Future Vision of the Agency.

For access, tax professionals must create or have an account on the IRS Nationwide Tax Forum Online website. Instructions can be found on the FAQs tab on the website.

Free IRS Webinar on Compliance Assurance Process for Large Businesses

IR-2024-271

The IRS is offering a free webinar on November 18, 2024, to help large business taxpayers understand the Compliance Assurance Process (CAP). The session will discuss updates and clarifications to the program, to prepare applicants. The eligibility requirements for CAP include:

- having assets of \$10 million or more;
- being a U.S. publicly traded C-corporation with a legal requirement

to prepare and submit SEC Forms 10-K, 10-Q, and 8-K or a U.S. privately held C-corporation including foreign owned; and

- not being under investigation or litigation that restricts IRS access to current tax records.

Additionally, taxpayers with tax return that remains open due to outstanding Inflation Reduction Act (IRA) and/or Creating Helpful Incentives to Produce Semiconductors Act (CHIPS) issues are now eligible. Taxpayers under IRS

examination who may not meet the current eligibility criteria are encouraged to discuss their interest in CAP with their local IRS team or by sending an email to the CAP mailbox on the CAP webpage.

Registration for the webinar is available on the CAP Program Webinar registration page, with space limited to 1,000 participants. Applications for the 2025 CAP program must be submitted by October 31, 2024. The IRS will inform applicants of acceptance into the program in February 2025.

TAX BRIEFS

Business Expense Deduction

A married couple was not entitled to claim various Schedules C, Profit or Loss From Business, and Schedules E, Supplemental Income and Loss, expenses due to lack of substantiation. Further, the taxpayers were liable for additions to tax under Code Sec. 6651(a)(1) and (2) for failure timely to file tax returns and pay tax, and under Code Sec. 6654 for underpayment of estimated tax.

Anderson, TC, Dec. 62,513(M)

Exempt Organizations

Five organizations had their tax-exempt status denied because they failed to establish that they were organized or operated exclusively for exempt purposes under Code Sec.

501. In the first, second, fourth, and fifth cases, the organizations did not meet the criteria for tax exemption under Code Sec. 501, making donor contributions disqualified for tax deduction under Code Sec. 170. In the third case, the organization was not organized and operated for pleasure, recreation, or other non-profitable purposes, as required for exemption under Code Sec. 501(c)(7).

IRS Letter Ruling 202442006; IRS Letter Ruling 202442007; IRS Letter Ruling 202442008; IRS Letter Ruling 202442009; IRS Letter Ruling 202442010

Liens and Levies

The IRS Independent Office of Appeals (Appeals) determination to sustain the

filing of a notice of federal tax lien (NFTL) against an individual was proper as a matter of law. Accordingly, no abuse of discretion was found.

Moore, TC, Dec. 62,514(M)

Whistleblower

The IRS correctly denied an individual's whistleblower claim.

Johnson, TC, Dec. 62,512(M)