

Quickfinder® Annual Tax Update 2022 Post-Publication Developments

Key Issue	Topic	Development
New 1E	Significant December 2022 Tax Legislation	<p>On December 29, 2022, President Biden signed into law the Consolidated Appropriations Act, 2023 (CAA, 2023) (Public Law 117-328). This omnibus spending bill contains the SECURE 2.0 Act of 2022 (SECURE 2.0), which includes dozens of retirement-related provisions intended to build on reforms passed in the Setting Every Community Up for Retirement Enhancement (SECURE) Act of 2019. Among the key retirement provisions in SECURE 2.0 are: (1) expanding automatic enrollment in retirement plans; (2) increasing the age for the required beginning date for mandatory distributions; (3) a higher catch-up limit to apply at ages 60, 61, 62, and 63; and (4) elimination of the additional tax on corrective distributions of excess contributions. SECURE 2.0 also includes a number of smaller non-retirement tax provisions including changes to Achieving a Better Life Experience (ABLE) accounts under IRC Sec. 529A and modifications to the rules governing charitable conservation easements under IRC Sec. 170. CAA, 2023 doesn't include the traditional set of extensions of expired tax provisions (tax extenders). See <i>Tax Legislation</i> in the <i>Handbook Updates</i> section of tax.thomsonreuters.com/quickfinder for a table summarizing key provisions of SECURE 2.0.</p>
3J	Form 1099-K Filing Requirements	<p>The IRS has announced a delay in revised reporting thresholds for Third-party Settlement Organizations (TPSOs) under the American Rescue Plan Act (ARPA). Under ARPA, beginning January 1, 2023, a TPSO would have been required to report third-party network transactions paid in 2022 with any participating payee that exceeded a minimum threshold of \$600 in aggregate payments, regardless of the number of transactions. The IRS has issued a notice delaying the reporting of transactions in excess of \$600 to transactions that occur in calendar years beginning after December 31, 2022. According to the IRS, more details on the delay will be available soon with additional information to help taxpayers and the industry with compliance. The existing Form 1099-K (Payment Card and Third Party Network Transactions) reporting threshold of \$20,000 in payments from over 200 transactions remains in effect for transactions that occurred in calendar years beginning before January 1, 2023. See News Release IR-2022-226 and Notice 2023-10.</p>
3Q	Tax Relief for Victims of Natural Disasters	<p>The Consolidated Appropriations Act, 2023, exempts from the 10% additional tax on early distributions from qualified plans and IRAs up to \$22,000 for <i>qualified disaster recovery distributions</i> made within 180 days of a federally declared disaster occurring on or after January 26, 2021 [IRC Sec. 72(t)(2)(M) and (t)(11)]. Distributions are included in income ratably over a three-year period, but can be repaid within three years and not included in income.</p>
3U	Syndicated Conservation Easement Transactions as Listed Transactions	<p>The Consolidated Appropriations Act, 2023, disallows the deduction for a qualified conservation contribution made by a partnership, S corporation, or other pass-through entity if the amount of the contribution exceeds 2.5 times the sum of each partner's/shareholder's relevant basis in the entity. Exceptions apply for certain contributions (1) made outside a three-year holding period, (2) made to preserve certified historic structures, and (3) made by family-owned entities. See IRC Sec. 170(f)(19) and (h)(7), which provide specific reporting requirements for, and deduction limitations on, qualified conservation contributions made by pass-through entities after December 29, 2022.</p>
4C	Clean Vehicle Credits	<p>The IRS announced, in News Release IR-2022-232 and Notice 2023-1, that it will release proposed regulations on the new clean vehicle tax credit under IRC Sec. 30D (expected in March 2023). The critical mineral and battery component requirements from the Inflation Reduction Act of 2022 will be released with the forthcoming proposed regulations. The proposed regulations will include definitions for (1) final assembly, (2) North America, (3) manufacturer's suggested retail price, (4) vehicle classifications, and (5) placed in service. These definitions are also provided in Notice 2023-1. A list of vehicles that may qualify for the credit in 2023 is available at www.irs.gov/credits-deductions/manufacturers-and-models-for-new-qualified-clean-vehicles-purchased-in-2023-or-after. Buyers will need to use the vehicle identification numbers to confirm whether their vehicle qualifies for the credit. Frequently Asked Questions (FAQs) were released in December 2022 in Fact Sheet 2022-42 at www.irs.gov/newsroom/fact-sheets.</p>

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4D	Energy Efficient Home Improvement Credit	In Fact Sheet 2022-40, the IRS has released Frequently Asked Questions (FAQs) about the Energy Efficient Home Improvement Credit and the Residential Clean Energy Credit. The FAQs provide details on the changes to these credits by the Inflation Reduction Act of 2022, information on eligible expenditures, and examples of how the credit limitations work. Fact Sheet 2022-40 can be found at www.irs.gov/newsroom/fact-sheets . See also News Release IR-2022-225.
4E	Residential Clean Energy Credit	
5C	How to Handle Crypto Transactions	The IRS has announced that brokers are not required to report additional information with respect to dispositions of digital assets until final regulations are issued under IRC Secs. 6045 and 6045A. The Infrastructure Investment and Jobs Act of 2021 amended provisions in IRC Secs. 6045 and 6045A clarifying and expanding the rules regarding the information reporting on digital assets by brokers. Brokers are still required to comply with existing laws and regulations. This transitional guidance applies only to information returns filed or furnished by brokers. Taxpayers are still required to report any income they receive from transactions involving digital assets. They are also required to answer the digital asset question on page 1 of either Form 1040 (U.S. Individual Income Tax Return) or Form 1040-SR (U.S. Tax Return for Seniors). See Announcement 2023-2 and News Release IR-2022-227.
7C	Gearing up for the New Corporate AMT	The IRS has released a notice to provide interim guidance regarding the application of the new corporate AMT for tax years beginning after December 31, 2022. Sections 3 through 7 of the notice describe rules that address the corporate AMT and certain issues regarding (1) Sub-chapters C and K of the Code, troubled corporations, and affiliated groups that file consolidated returns; (2) depreciation; (3) a safe harbor method for determining whether a corporation is an applicable corporation subject to the AMT; (4) the treatment of certain tax credits; and (5) the determination of applicable corporate status in circumstances involving certain partnerships. Taxpayers may rely on the notice until proposed regulations are issued. The notice also solicits comments on the rules contained in the notice and certain other issues. See News Release IR-2022-229 and Notice 2023-7.
7D	Dissecting the New Stock Buyback Excise Tax	The IRS has released a notice providing interim guidance on applying the corporate stock repurchase excise tax. The notice is intended to provide certainty to taxpayers in advance of January 1, 2023, the date on which the new excise tax first applies to stock repurchases. Taxpayers may rely on the notice until proposed regulations are issued. The notice also solicits comments on the rules contained in the notice and certain other issues. See News Release IR-2022-228 and Notice 2023-2.
7E	Changes to Uncertain Tax Positions Reporting	Final versions of Schedule UTP (Form 1120) (Uncertain Tax Position Statement) and its separate instructions (both revised December 2022) are now available at www.irs.gov/forms-instructions-and-publications . For IRS comments on revisions to the instructions from draft to final, see www.irs.gov/newsroom/irs-statement-about-uncertain-tax-positions-utp-reporting .
8F	Schedule K-2 and K-3 Changes	2022 final instructions are now available for partnership and S corporation Schedules K-2 and K-3. See 2022 Partnership Instructions for Schedules K-2 and K-3 (Form 1065) and 2022 S Corporation Instructions for Schedules K-2 and K-3 (Form 1120-S) at www.irs.gov/forms-instructions-and-publications .

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9F	Accelerated Cost Recovery for Green Building Property	<p>In general, a taxpayer who owns or leases a commercial building that is both located in the U.S. and within the scope of the applicable reference standard may be allowed a Section 179D deduction equal to a portion of the cost of energy efficient commercial building (EECB) property placed in service during the tax year. Property for which depreciation (or amortization in lieu of depreciation) is allowable is ECB property if it is certified to be installed on or in the building as part of one or more of three of the building's systems: (1) interior lighting systems; (2) heating, cooling, ventilation, and hot-water systems; and (3) the building's envelope. For the installation of the property on or in the building to be considered certified, the property must be certified in the manner and method prescribed by the IRS as being installed as part of a plan designed to reduce the total annual energy and power costs for the building's systems by 25% (50% for tax years beginning before January 1, 2023) or more, in comparison to a reference building that meets the minimum requirements of the applicable reference standard using certain methods of calculation.</p> <p>The IRS has notified taxpayers of the applicable reference standard required to be used to determine the amount of the ECB property deduction. See Announcement 2023-1, which identifies the existing reference standard, affirms a new reference standard, and clarifies when each of the two reference standards will apply to taxpayers. The effective date of this announcement is January 1, 2023.</p>																										
10H	Inflation Reduction Act of 2022 Business Credits and Deductions	<p>The IRS has provided a safe harbor regarding the incremental cost of certain qualified commercial clean vehicles placed in service in calendar year 2023 for purposes of the new credit for qualified commercial clean vehicles under IRC Sec. 45W. See News Release IR-2022-233 and Notice 2023-9.</p>																										
Ch 16	Quick Access Federal Tax Data Sheet (2021–2023)	<p>Beginning January 1, 2023, the standard mileage rates for cars, vans, pickups, and panel trucks are 65.5¢ per mile for business purposes, 14¢ per mile for charitable purposes, and 22¢ per mile for medical or moving purposes. See News Release IR-2022-234 and Notice 2023-3. In Rev. Proc. 2023-14, the IRS announced the inflation-adjusted luxury auto depreciation deduction limits (Section 280F depreciation limits) for cars, light trucks, and light vans first placed in service during 2023. The following table summarizes these amounts:</p> <table border="0" data-bbox="577 1199 1078 1655"> <thead> <tr> <th colspan="2" data-bbox="577 1199 1078 1231">Section 280F Depreciation Limits</th> </tr> <tr> <th colspan="2" data-bbox="577 1237 654 1265">Autos</th> </tr> </thead> <tbody> <tr> <td data-bbox="600 1271 910 1298">First Year</td> <td data-bbox="985 1271 1078 1298">\$12,200</td> </tr> <tr> <td data-bbox="600 1305 910 1332">with Bonus Depreciation</td> <td data-bbox="985 1305 1078 1332">20,200</td> </tr> <tr> <td data-bbox="600 1339 910 1366">Second Year</td> <td data-bbox="985 1339 1078 1366">19,500</td> </tr> <tr> <td data-bbox="600 1372 910 1400">Third Year</td> <td data-bbox="985 1372 1078 1400">11,700</td> </tr> <tr> <td data-bbox="600 1406 910 1434">Fourth Year and Thereafter</td> <td data-bbox="985 1406 1078 1434">6,960</td> </tr> <tr> <th colspan="2" data-bbox="577 1440 845 1467">Light Trucks and Vans</th> </tr> <tr> <td data-bbox="600 1478 910 1505">First Year</td> <td data-bbox="985 1478 1078 1505">\$12,200</td> </tr> <tr> <td data-bbox="600 1512 910 1539">with Bonus Depreciation</td> <td data-bbox="985 1512 1078 1539">20,200</td> </tr> <tr> <td data-bbox="600 1545 910 1573">Second Year</td> <td data-bbox="985 1545 1078 1573">19,500</td> </tr> <tr> <td data-bbox="600 1579 910 1607">Third Year</td> <td data-bbox="985 1579 1078 1607">11,700</td> </tr> <tr> <td data-bbox="600 1613 910 1641">Fourth Year and Thereafter</td> <td data-bbox="985 1613 1078 1641">6,960</td> </tr> </tbody> </table>	Section 280F Depreciation Limits		Autos		First Year	\$12,200	with Bonus Depreciation	20,200	Second Year	19,500	Third Year	11,700	Fourth Year and Thereafter	6,960	Light Trucks and Vans		First Year	\$12,200	with Bonus Depreciation	20,200	Second Year	19,500	Third Year	11,700	Fourth Year and Thereafter	6,960
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