



WTB



WASHINGTON TAX BRIEF

October 21, 2015

Administrative Notes



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Note: There is no CPE credit available for this webcast.

Today's Presenters



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About the Washington Tax Brief

■ **Webcast series to update you on:**

- The regulatory and political environment for tax issues
- AICPA's advocacy efforts to:
 - protect your professional interests
 - support sound tax policy
 - promote effective tax administration

■ **Open to all AICPA members**

■ **Open to all State Society staff and committee members**



Today's Topics

- Tax Extenders
- Tax Return Due Dates Legislation
- Identity Theft
- Disaster Relief
- New Estate Basis Reporting Requirements
- Pass-Through Issues
- Modernized E-Filing
- IRS Taxpayer Services
- Other Hot Issues



Tax Extenders, Again!

Mortgage insurance premiums

R&E expenses

Section 179

Debt forgiveness relief

Work Opportunity Tax Credit

State sales tax deduction

Energy provisions

Educators' out-of-pocket expenses

Bonus depreciation

EXCLUSION FOR EMPLOYER-PROVIDED MASS TRANSIT AND PARKING BENEFITS

TUITION AND FEES DEDUCTION

Qualified IRA distributions - Charity

Possibility of Year-End Extenders?

■ Expiring provisions again?

- Over 50 provisions expired, 1 scheduled to expire
- Affects all areas (e.g., individual, business, and disaster relief)
- Impact on 2015 tax forms?

■ Tax laws should be enacted with a presumption of permanency

- Short-term changes to tax laws make long-term tax, cash-flow and financial planning difficult
- “Budget” considerations

■ Timing?



New Rules: Due Dates

- **New due dates go into effect for the 2017 Tax Filing Season – (Tax years ending after 12/31/2015)**
- **C Corporation due dates have special transition rules through 2026**



New Rules: Due Dates

Return Type	Due Dates Under Prior Law	New Law: Original and Extended Due Dates (Dates changed by law in bold)		Comments
Partnership (calendar year) Form 1065	April 15 Sept. 15	March 15 Sept. 15		Under the new law, for fiscal year partnerships, returns will be due on the 15th day of the 3rd month after the year-end. A six-month extension is allowed from that date
S Corporation (calendar year) Form 1120S	March 15 Sept. 15	March 15 Sept. 15		No change
Trust and Estate Form 1041	April 15 Sept. 15	April 15 Sept. 30		
C Corporation (calendar year) Form 1120	March 15 Sept. 15	Before Jan. 1, 2026 April 15 Sept. 15	After Dec. 31, 2025 April 15 Oct. 15	Starting with 2016 tax returns, all other C corps besides Dec. 31 and June 30 year-ends (including those with other fiscal year-ends) will be due on the 15th of the 4th month after the year-end. A six-month extension is allowed from that date.

New Rules: Due Dates

Return Type	Due Dates Under Prior Law	New Law: Original and Extended Due Dates (Dates changed by law in bold)		Comments
C Corporation Fiscal Year End (other than Dec. 31 or June 30)	15th day of 3rd month after year-end 15th day of 9th month after year-end	15th day of 4th month after year-end 15th day of 10th month after year-end		
C Corporation June 30 Fiscal Year Form 1120	Sept. 15 March 15	Before Jan. 1, 2026	After Dec. 31, 2025	Special rule for C Corporations with fiscal years ending on June 30 — the new due date rules will go into effect for returns with taxable years beginning after Dec. 31, 2025 (2027 Filing Season).
Individual Form 1040	April 15 Oct. 15		April 15 Oct. 15	No change
Exempt Organizations Forms 990	May 15 Aug. 15 Nov. 15		May 15 Nov. 15	New extension will be a single, automatic 6-month extension, eliminating the need to process the current first 90-day extension.

Unchanged Dates



■ S Corporations

- Form 1120S

■ Individual

- Form 1040

■ Foreign Trusts with a U.S. Owner

- Form 3520
- Form 3520-A

■ Information Returns

- i.e., W-2 and 1099s

■ Other Returns

- Forms 4720, 5227, 6069, 8870

Identity Theft

- One of the biggest challenges facing the IRS & Taxpayers
- Cost per year = \$53 billion
- 1 minute = 19 new victims
- Time for victims to reclaim identities = 44 months
- IRS faces unprecedented levels of identity theft
 - Fraudulent refunds paid last year = \$5.8 billion

TAX FRAUD

Identity Theft Recommendations

- IP PIN
- Due Date of Information Returns
- Truncated ID #'s
- Errors on Information Returns
- Internet Platform
- Scannable Code



Identity Theft – IP PIN

■ Current Identity Protection PIN Program

- Given to proven victims of tax fraud
- Even if a victim, not guaranteed an IP PIN
- Required permanently
- IP PIN is a “rolling” number

■ Starting Jan 2016

- IP PINs required for all SSNs with an IP PIN requirement
- Required on Form 1040, Form 2441, Schedule EIC



Tax-Related Disaster Relief



- There is a wide-spread need for certainty & fairness
- Government currently responds on an event-by-event basis
- AICPA supports the permanent disaster tax relief provisions in Title III of the *National Disaster Tax Relief Act of 2015* (H.R. 3110 and S. 1795)

New Estate Basis Reporting Requirements

■ The Highway trust fund extension bill (P.L. 114-41)

- new requirement for estate executors.



■ New estate basis reporting statement

- Estate tax returns due starting 8/1/2015
- Executors required to
 - File statement with IRS, and
 - Provide statement to beneficiaries within 30 days of the estate tax return due date

New Estate Basis Reporting Requirements

■ [IRS Notice 2015-57](#) delays implementation

- The due date is postponed until 2/29/2016!
 - Applies to any statement that would have been required to be provided before 2/29/2016
- IRS developing a form for the reporting of estate tax basis
- IRS plans to issue additional guidance



Pass-Through Issues

- Partnership Audit Simplification Act (H.R. 2821)
- IRS proposed regulations on “Disguised Payments for Services”
- Worthless stock deductions under section 165(g) for S Corporations



Modernized e-File (MeF)

■ Last year

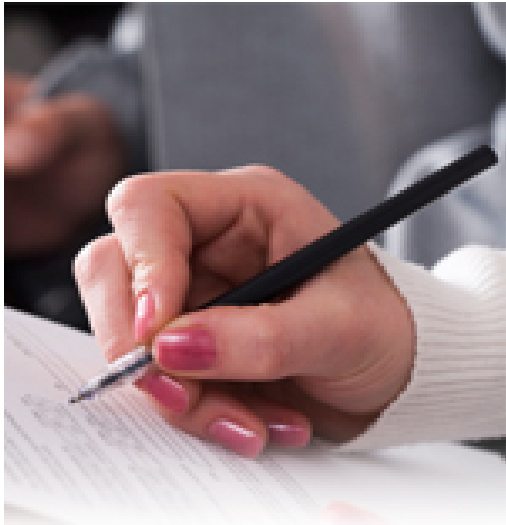
- Shutdown the weekend before Oct 15th (Sat, Sun & Columbus Day)
- “Rationale” of shutting down Columbus Day vs. Veterans Day
- Convenience of IT Department

■ Current Year

- E-filing and e-services open
- Secure mailbox feature closed for 1 day



IRS Taxpayer Services



■ Practitioner Priority Hotline

- 43.9% Level of Service during busy season (2015)
- After busy season, limited support during limited hours

■ Taxpayer Assistance Centers

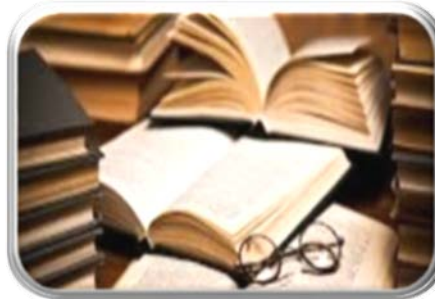
- Many are unstaffed after busy season
- Each center status is determined individually

AICPA Priority at the Highest Level!!!!

Other Hot Issues



Mobile Workforce



Form 3115 Draft Instructions



ACA Employer Mandate



Tax Reform



AICPA New Committee Year



Recommendations

Questions



Upcoming Events

- [Tax Practice Monthly: Responding to Requests to Verify Tax Information](#), Oct. 22 (1pm ET)
- [Tax Ethics: A Comprehensive Review for CPAs in Tax Practice](#), Oct. 28 (1pm ET) (Free for Tax Section members; 2 ethics CPE hours)
- [Navigating the IRS Penalty Maze: How to Get Penalty Abatement for Clients](#), Oct. 29 (1pm ET)
- [AICPA National Tax Conference](#), Nov. 2 – Nov. 3 in Washington, DC (18 CPE hours)
- [ACA Update: Understanding Changes that Impact the 2016 Filing Season](#), Nov. 12 (1pm ET)

