

# Welcome to TaxMama's® Place - Home of the



**Today's Topic:**

**December 2020  
Tax Roundtable**



[Treasury and IRS issue final regulations on the deduction for qualified transportation fringe and commuting expenses](#)

IR-2020-275, December 9, 2020 — The Treasury Department and Internal Revenue Service issued final regulations on the deduction for qualified transportation fringe and commuting expenses following changes made by the Tax Cuts and Jobs Act (TCJA).

[IRS has begun sending letters to taxpayers that may need to take action related to Qualified Opportunity Funds](#)

IR-2020-274, December 9, 2020 — The Internal Revenue Service has started sending letters to taxpayers that may need to take additional actions related to Qualified Opportunity Funds (QOF).

[IRS provides guidance on legislation that increases automatic enrollment cap percentage and eases burdens for certain safe harbor plans](#)

IR-2020-273, December 9, 2020 — The Internal Revenue Service today issued Notice 2020-86 addressing certain provisions of the Setting Every Community Up for Retirement Enhancement Act of 2019 (SECURE Act) affecting safe harbor plans, including safe harbor 401(k) plans and certain 403(b) plans.

[Get Ready for Taxes: What's new and what to consider when filing in 2021](#)

IR-2020-272, December 8, 2020 — The Internal Revenue Service today encouraged taxpayers to take necessary actions in the final weeks of the year to help file federal tax returns timely and accurately in 2021.

[National Tax Security Awareness Week, Day 5: Security Summit alerts tax professionals to potential telework scams during COVID-19, urges all practitioners to use multi-factor authentication](#)

IR-2020-271, December 4, 2020 — The IRS, state tax agencies and the tax industry marked the final day of National Tax Security Awareness Week with a warning to all tax professionals that they face additional challenges from cybercriminals seeking to exploit COVID-19 fears.

[Interest rates remain the same for the first quarter of 2021](#)

### **IRS Statement about Form 7200 Payments**

December 4, 2020 — IRS statement about delay in Form 7200 payments.

### **Update on \$500 per child payments for federal beneficiaries**

October 23, 2020 — IRS statement regarding update on \$500 per child payments for federal beneficiaries.

### **IRS to restart sending 500 series balance due notices**

October 23, 2020 — The IRS will resume issuing the 500 series balance due notices to taxpayers later in October. These notices were paused on May 9 due to COVID-19.

### **IRS has taken steps to confirm the integrity of systems protecting taxpayer data**

September 29, 2020 — IRS Statement about the integrity of our tax system depends on all taxpayers knowing that their return information is subject to the highest levels of confidentiality and protection in the hands of the IRS.

### **IRS Statement on Economic Impact Payments by state (as of Aug. 28, 2020)**

August 28, 2020 — The following chart shows the number of Economic Impact Payments and the total amount of the payments by state.

- **Which IRS services are open and available** – keep an eye on this link (updated Nov 16, 2020)  
<https://www.irs.gov/newsroom/irs-operations-during-covid-19-mission-critical-functions-continue>
- **IRS Electronic Options** (updated May 2020)  
<https://www.irs.gov/newsroom/irsgov-helps-taxpayers-get-tax-information-they-need-find-tools-for-filing-paying-checking-accounts-and-answering-questions>
- **IRS Online Assistance Available** (updated Nov 2020)  
<https://www.irs.gov/newsroom/irs-urges-taxpayers-to-use-electronic-options-outlines-online-assistance>
- **Of course, all the filing and paying deadlines** – including taxpayers overseas whose June 15th filing deadline has been pushed back to July 15<sup>th</sup> and the effects on penalties and interest (updated Nov 19, 2020)  
<https://www.irs.gov/newsroom/filing-and-payment-deadlines-questions-and-answers>
- And a great chart: **How to Use the Tools on IRS.gov to Get Your Economic Impact Payment**  
<https://www.irs.gov/newsroom/how-to-use-the-tools-on-irsgov-to-get-your-economic-impact-payment> (updated Oct, 2020)
- <https://www.irs.gov/newsroom>
- <https://www.irs.gov/newsroom/irs-statements-and-announcements>



## Helpful IRS Links – During Quarantine and...

<https://www.irs.gov/newsroom/irs-operations-during-covid-19-mission-critical-functions-continue>

We're open and processing mail, tax returns, payments, refunds and correspondence. However, COVID-19 continues to cause delays in some of our services. Our service delays include:

- Live phone support
- Processing tax returns filed on paper
- Answering mail from taxpayers
- Reviewing tax returns, even for returns filed electronically

Check this page periodically for updates.

### What You Can Expect

Look on the following list for the action you took – whether that's sending us your individual or business tax return or answering a letter from us. Then, open the action to see how long you may have to wait and what to do next.

<b>+ Filed an Individual Tax Return (Form 1040), a Business Tax Return or an Amended Return (updated December 1, 2020)</b>
<b>+ Received a Bill or Notice (updated December 1, 2020)</b>
<b>+ Answered a Letter or Notice (updated December 1, 2020)</b>
<b>+ Sent a Missing Form or Document (updated December 1, 2020)</b>
<b>+ Sent Us a Check (updated December 1, 2020)</b>
<b>+ Requested Paper Tax Forms (updated December 1, 2020)</b>
<b>+ Requested a Tax-exempt Sector Determination, Ruling or Closing Agreement (updated December 1, 2020)</b>
<b>+ Sent a Third-Party Authorization or Power of Attorney Form (updated December 1, 2020)</b>
<b>+ Need to File a Form with a Digital Signature (updated December 1, 2020)</b>

The 2015 taxes were done by an accountant, but the IRS never received them. Earlier this year I asked the IRS if I was in compliance and was told yes. I also received my PTIN number. I recently found out that the IRS did not receive my 2015 tax return.

1. Will a status of Not Currently Collectible (CNC) prevent someone from being approved the EA designation?

- Some issues that will come into play –
  - Was there a balance due in 2015?
  - If it was paid at the time you thought the return was filed, that can demonstrate the return **WAS** filed, perhaps?
- Why the person is in CNC status and what is being done to resolve the balance due?
  - **YES, THIS CAN BE A BIG PROBLEM!**

- 2. I sold a property in December, 2015 and did not all claim the depreciation that should have been taken, can form 3115 still be filed? Also should I take depreciation in the year of the sale?
- 3. Also, If I am able to file 3115 to account for the depreciation can you illustrate how one can make the changes?

IF the 2015 was never filed, you can claim the depreciation on the currently filed return.

- 1) Do a spreadsheet to compute the depreciation over the life of the property
- 2) Deduct the depreciation on Schedule E and include a Form 8275 disclosure statement.
- 3) Then report the amount of the depreciation on Form 4797, Part III, line 22.

Form 4797 (2019) Page 2

**Part III Gain From Disposition of Property Under Sections 1245, 1250, 1252, 1254, and 1255**  
(see instructions)

19 (a) Description of section 1245, 1250, 1252, 1254, or 1255 property:		(b) Date acquired (mo., day, yr.)	(c) Date sold (mo., day, yr.)
<b>A</b>			
<b>B</b>			
<b>C</b>			
<b>D</b>			
<b>These columns relate to the properties on lines 19A through 19D. ▶</b>			
<b>20</b> Gross sales price <b>(Note: See line 1 before completing.)</b> . . . . .	<b>20</b>		
<b>21</b> Cost or other basis plus expense of sale . . . . .	<b>21</b>		
<b>22</b> Depreciation (or depletion) allowed or allowable . . . . .	<b>22</b>		
<b>23</b> Adjusted basis. Subtract line 22 from line 21. . . . .	<b>23</b>		
<b>24</b> Total gain. Subtract line 23 from line 20 . . . . .	<b>24</b>		

- Your software should have a schedule in the asset input template.
- Or...  
<https://www.vertex42.com/Files/xls/1/depreciation-calculator.xls>
- Do you need Form 3115?
- My IRS expert says no – but do include the disclosure

## Basic Depreciation Calculator

*This calculator can be used to perform depreciation calculations for different depreciation methods without the use of half-year, mid-quarter, or mid-month conventions. Do not use this calculator for tax reporting.*

Asset Depreciation Information			
Asset Description			
Category			
Purchase Price (P)	9,000		
Salvage Value (Sn)	200		
Depreciation Period (n)	5		
Depreciation Method	DB	DB Factor	200%

### Depreciation Schedule

Year	Depreciation	Cumulative	Book Value
1	3,600.00	3,600.00	5,400.00
2	2,160.00	5,760.00	3,240.00
3	1,296.00	7,056.00	1,944.00
4	777.60	7,833.60	1,166.40
5	466.56	8,300.16	699.84
-	-	-	-
-	-	-	-
-	-	-	-



- Lastly I had a loss of approximately +/- \$120,000 on a seller-financed commercial property. I believe the loss occurred around 2002. If I am able to find the appraisal (showing improvements) and Foreclosure record would I be able to use that loss to offset my gain for year 2015?

It is WAAY too late to change a 2002 loss.

However – seller-financed. When did the payment stream end?

If the installment sale was supposed to go through 20 or 30 years and they didn't pay off their loan, you might be able to re-compute the gain or loss on the original sale.

BUT if there was a loss on the original sale – you cannot report it as an installment sale (in 2002). You had to report the entire loss in the year of sale.

The IRS explains about repossession - [https://www.irs.gov/publications/p537#en\\_US\\_2019\\_publink1000221737](https://www.irs.gov/publications/p537#en_US_2019_publink1000221737)

If that was the case, trying to carry a \$120,000 loss over for 18 years?

The loss would have been used up by now (  $120000/18 = 6667/\text{year}$  )

4. Can I submit my taxes and EA application concurrently? I was offered a job but will need my EA credential.

Probably not.

a) In order to get your EA, the IRS does a background check and reviews your compliance.

b) So if there are no tax returns on record, or delinquent tax returns – the IRS cannot approve your application because they won't find you in compliance.

Meanwhile, file to get your AFSP Record of Completion.

CALL THE IRS and talk to them about your circumstances and explain why you haven't filed.  
Why you are in currently non collectible status. [1-855-472-5540](tel:1-855-472-5540)

BEST IDEA – borrow the money to pay off that IRS balance due. Owe the money to someone else.

Then you can explain to the IRS about the problem AND what you have learned, so you can help clients in the future.

# QUESTIONS

- You can find today's handout in the Board after the session

<http://irsexams.com/board/index.php?/topic/956-taxmamas-tax-roundtables/>

- And at the TaxMama site

[http://taxmama.com/tax-quijs/taxmamas-tax-roundtables-2018/](http://taxmama.com/tax-quips/taxmamas-tax-roundtables-2018/)