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IRS Updates Guidance to Reflect Changes by the American Rescue Plan Act of 2021

The IRS has released [Revenue Procedure 2021-23](#) which updates previous revenue procedures to reflect changes made by the American Rescue Plan Act of 2021 (ARP). For example, Revenue Procedure 2021-23 supersedes section 3.05 of Revenue Procedure 2020-45 because the ARP increased the child tax credit to \$3,000 for qualifying children six or over and \$3,600 for qualifying children under six.

AICPA Submits Comment Letter to IRS Requesting Relief for Taxpayers Using LIFO for Inventory

The American Institute of Certified Public Accountants (AICPA) submitted a [letter](#) to the Department of Treasury and the IRS requesting relief under Section 473 for taxpayers that: (i) account for their inventory under the last-in, first-out (LIFO) accounting method; and (ii) experienced a decrease in their closing inventories caused by government actions in response to COVID-19. Section 473 authorizes Treasury and the IRS to permit taxpayers to reduce the unanticipated income from a qualified liquidation of LIFO inventories by replacing the inventory over a three-year period. That letter argues that absent this relief, many fiscal and calendar year taxpayers will realize significant and unexpected tax liabilities for the 2020 taxable year.

PA Updates Return Filing Deadlines

The Commonwealth of Pennsylvania passed [L. 2021, HB766 \(Act 10\)](#), which modifies the corporate net income tax return filing deadline. Prior to the change, the return was due 30 days after the due date of the federal return but has now been changed to the 15th date of the month following the due date of the federal return. The new law also provides temporary relief from interest and penalties for certain filers due to the pandemic.

NJ Updates Guidance on Net Operating Losses for Mergers

The New Jersey Division of Taxation has revised the technical bulletin on net operating losses and post allocation net operating losses with certain mergers and acquisitions ([TB-102\(R\)](#)) to include a procedure for taxpayers to follow when there is a regulatory delay in the approval of the merger or acquisition.



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