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IRS Issues Temporary Safe Harbor for Trusts Holding Rental Real Estate

The IRS issued [Revenue Procedure 2020-34](#) providing, in response to the COVID-19 emergency, temporary safe harbors for the purpose of determining the Federal tax status of certain arrangements that hold real property as trusts. Under the safe harbors, certain modifications to mortgage loans, certain modifications to leases, and certain additional capital contributions are not treated under Section 301.7701-4(c) of the Procedure and Administration Regulations as manifesting a power to vary.

President Signs Bill Providing More PPP Flexibility

The House and the Senate both passed the [Paycheck Protection Program \(PPP\) Flexibility Act of 2020 \(H.R. 7010\)](#), which provides more flexibility for participants in the PPP program, including allowing those participants to defer the payment of certain payroll taxes that the CARES Act prevented them from deferring. The President signed the Act on June 5. The CARES Act (P.L. 116-136, the Act) contains a provision (Act Sec. 2302), that defers the payment of 50% of certain payroll taxes until Dec. 31, 2021, and defers payment of the remaining 50% until Dec. 31, 2022. The Act provides an exception to the above rule under which the deferrals do not apply to any taxpayer which has had indebtedness forgiven under Act Sec. 1106 with respect to a loan under Small Business Act Sec. 7(a) (36), as added by Act Sec. 1102, or indebtedness forgiven under Act Sec. 1109 (a payroll protection program loan). H.R. 7010 would eliminate this exception and thus would allow taxpayers with forgiven payroll protection program loans to defer payment of the payroll taxes. The Paycheck Protection Program (PPP) Flexibility Act also would: (a) allow businesses 24 weeks instead of eight weeks to use the loan money; (b) eliminate restrictions limiting non-payroll expenses to 25% of loan proceeds; (c) require loan recipients to comply with COVID-19 safety standards; (d) eliminate restrictions that limit loan terms to two years; and (e) extend the rehiring deadline.

IRS Extends Deadlines Because of COVID-19

The IRS issued [Notice 2020-35](#) in which it postponed deadlines for specified time-sensitive actions with respect to certain employment taxes, employee benefit plans, exempt organizations, Individual Retirement Accounts (IRAs), Health Savings Accounts (HSAs) and Coverdell education savings accounts due to the ongoing COVID-19 pandemic.

IRS Advises on When to Include Income and Withhold Taxes for Stock-Based Compensation

In [Legal Advice Issued by Associate Chief Counsel 2020-004](#), the IRS has

discussed when to include income and withhold Federal Insurance Contribution Act (FICA) and Federal income tax for stock-based compensation.

IRS Issues FAQs for Carrying Back NOLs to Years AMT Applied

The IRS issued, on its website, [FAQs](#) for C corporations that carry back net operating losses (NOLs) to years in which the alternative minimum tax (AMT) applies.



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