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IRS Notifies Virtual Currency Owners of Possible Taxes Owed

The IRS published an Information Release (<https://www.irs.gov/newsroom/irs-has-begun-sending-letters-to-virtual-currency-owners-advising-them-to-pay-back-taxes-file-amended-returns-part-of-agencys-larger-efforts>) announcing that it has begun sending letters to taxpayers who may have failed to report income and pay the resulting tax from virtual currency transactions, or who did not report their transactions properly.

IRS Issues REIT Ruling on Floating Docks

The IRS issued Private Letter Ruling 201930003 (<https://www.irs.gov/pub/irs-wd/201930003.pdf>), in which it found that floating docks affixed to pilings and floating docks affixed to the seabed by a winch and cable method were inherently permanent structures that were permanently affixed to other inherently permanent structures for the purposes of Treasury Regulation Section 1.856-2(d)(2)(i) and, accordingly, were real property within the meaning of Treasury Regulation Section 1.856-10(b) and therefore real estate assets for the purposes of Sections 856(c)(4) and 856(c)(5). (Section references are to the Internal Revenue Code of 1986, as amended.)

IRS Issues Guidance on Bonus Depreciation Elections

The IRS issued Revenue Procedure 2019-33, 2019-34 IRB (<https://www.irs.gov/pub/irs-drop/rp-19-33.pdf>), providing guidance allowing a taxpayer to make or revoke certain bonus depreciation elections that were potentially affected by the 2017 Tax Cuts and Jobs Act's changes to the bonus depreciation rules. The guidance applies to certain property acquired by the taxpayer after Sept. 27, 2017, and placed in service by the taxpayer during its tax year that includes Sept. 28, 2017. (An accompanying IRS Information Release on the subject can be found here (<https://www.irs.gov/newsroom/irs-treasury-issue-guidance-on-making-or-revoking-the-bonus-depreciation-elections>)).

U.S. District Court Invalidates IRS Revenue Procedure on Donor Reporting

The U.S. District Court for the District of Montana issued a decision in *Bullock v. IRS* (<https://electionlawblog.org/wp-content/uploads/Bullock-v-IRS.pdf>), (DC MT 7/30/2019) 124 AFTR 2d ¶2019-5102, holding that Revenue Procedure 2018-38 (<https://www.irs.gov/pub/irs-drop/rp-18-38.pdf>) (see our prior coverage here (<https://www.stradley.com/insights/publications/2018/07/tax-insights-july-25-2018>)), which eliminated the IRS's previous requirement that exempt organizations report donor information, is invalid. The court reasoned that, before issuing the Revenue Procedure, the IRS had to comply with the Administrative Procedure Act's requirement to provide a notice to the public and allow public comment, and IRS did not meet that requirement.

Pennsylvania Provides Sales Tax Guidance to Online Retailers

The Pennsylvania Department of Revenue (Department) has provided information (<https://www.revenue.pa.gov/GeneralTaxInformation/Tax%20Types%20and%20Information/SUT/OnlineRetailers/Pages/default.aspx>) to online sellers who sell goods and services to customers in Pennsylvania. Act 13 of 2019 (L. 2019, H262) codified the rule that requires businesses outside Pennsylvania making at least \$100,000 in annual gross Pennsylvania sales to collect and remit Pennsylvania sales tax, and eliminated the election to either collect and remit sales tax or give notice to customers and report to the Department. Instead, all marketplace facilitators and online sellers having an economic presence in the state (i.e., Pennsylvania annual gross sales of greater than \$100,000) must register, collect and remit Pennsylvania sales tax starting July 1, 2019. The Department's Tax Information website explains these provisions and provides information on how annual gross sales are calculated.

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