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IRS Issues Guidance on Presidential Directive to Extend Employment Tax Deadlines

The IRS, in [Notice 2020-65](#), issued guidance to employers regarding the President's recent memorandum directing the Secretary of Treasury to defer withholding, deposit, and payment of certain payroll tax obligations. The Notice generally states that social security tax or railroad retirement tax withheld by employers from employee wages paid during the period from Sept. 1, 2020, through Dec. 31, 2020, are not due until the following period, Jan. 1, 2021, through April 30, 2021. Such deferred taxes must be withheld and paid ratably from wages and compensation paid between Jan. 1, 2021, and April 30, 2021. However, the deferral only applies if the amount of such wages or compensation paid for a bi-weekly pay period is less than the threshold amount of \$4,000, or the equivalent threshold amount with respect to other pay periods.

IRS Issues BEAT Final Regulations

The IRS has issued [final regulations](#) under Section 59A regarding the base erosion and anti-abuse tax (BEAT). (The proposed regulations to which these final regulations apply were issued Dec. 6, 2019. See our prior coverage [here](#), [here](#), and [here](#).) Section 59A generally requires that certain corporations, excluding RICs, REITs and S corporations, that have gross receipts of \$500 million or more over the applicable three-year period pay a tax equal to such entities' "base erosion minimum tax." The final regulations generally address rules relating to (i) the determination of a taxpayer's aggregate group for purposes of determining gross receipts and the base erosion percentage, (ii) an election to waive deductions for purposes of the BEAT, (iii) the application of the BEAT to partnerships, and (iv) the anti-abuse rule with respect to certain basis step-up transactions. Additionally, the final regulations also address possible future guidance relating to the qualified derivative payment reporting requirements. The final regulations are effective 60 days after they are published in the federal register. (Unless otherwise noted, section references are to the Internal Revenue Code of 1986, as amended.)

IRS Release Notice Regarding Upcoming Treasury Regulations

The IRS, in [Notice 2020-69](#), has announced that it will issue Treasury regulations addressing (i) the application of Sections 951, regarding a U.S. shareholder's inclusion in gross income of its pro rata share of subpart F income of a controlled foreign corporation (CFC), and 951A, regarding a CFC U.S. shareholder's inclusion in gross income of any global intangible low-taxed income (GILTI), to certain S corporations with accumulated earnings and profits and (ii) the treatment of qualified improvement property (QIP) under the alternative depreciation system of Section 168(g) for purposes of calculating qualified business asset investment under the foreign-derived intangible income and GILTI provisions.

IRS Provides Guidance on the SECURE Act

The IRS, in [Notice 2020-68](#), provided guidance regarding the Setting Every Community Up for Retirement Enhancement Act of 2019 (SECURE Act). The Notice is set up in a Q & A format and specially addresses issues under certain sections of the SECURE Act (i) Section 105, small employer automatic enrollment credit, (ii) Section 107, repeal of maximum age for traditional IRA contributions, (iii) Section 112, participation of long-term, part-time employees in Section 401(k) plans, (iv) Section 113, qualified birth

or adoption distributions, and (v) Section 116, permitting excluded difficulty of care payments to be taken into account as compensation for purposes of determining certain retirement contribution limitations. The Notice also addresses issues under Section 104 of the Bipartisan American Miners Act of 2019 regarding the reduction in the minimum age for in-service distributions and provides guidance on deadlines for plan amendments.

IRS Temporarily Approves E-signature Use for Certain Forms that Cannot Be E-filed

The IRS, in [IR 2020-194](#), announced that it will temporarily allow the use of electronic or digital signatures on certain forms that cannot be filed electronically. The following forms can be submitted with digital signatures if mailed by or on Dec. 31, 2020:

- Form 3115, Application for Change in Accounting Method;
- Form 8832, Entity Classification Election;
- Form 8802, Application for U.S. Residency Certification;
- Form 1066, U.S. Income Tax Return for Real Estate Mortgage Investment Conduit;
- Form 1120-RIC, U.S. Income Tax Return For Regulated Investment Companies;
- Form 1120-C, U.S. Income Tax Return for Cooperative Associations;
- Form 1120-REIT, U.S. Income Tax Return for Real Estate Investment Trusts;
- Form 1120-L, U.S. Life Insurance Company Income Tax Return;
- Form 1120-PC, U.S. Property and Casualty Insurance Company Income Tax Return; and
- Form 8453 series, Form 8878 series, and Form 8879 series regarding IRS e-file Signature Authorization Forms.



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IRS Launches New Website on Centralized Partnership Audit Procedures

The IRS, in a [news release](#), announced that it has launched the Bi-Partisan Budget Act of 2015 (BBA) Centralized Partnership Audit Regime [webpage](#). The BBA introduced the centralized partnership audit regime, which replaced the prior auditing and tax collection procedures for partnerships. The centralized partnership audit regime generally is effective for taxable years of a partnership beginning in January 2018.