

Tax Insights | March 10, 2022

# Tracking Tax News You Need to Know



### AICPA Urges Treasury to Push Back Implementation of Schedules K-2 and K-3

The American Institute of CPAs has again urged Treasury to delay the implementation of schedules K-2 and K-3 until at least 2023 and to suspend penalties for failure to file the schedules for 2021. The <u>letter</u> cites confusion as to who must file and the IRS's inability to accept the schedules electronically as reasons for the delay.

## **ABA Tax Section Members Comment on LLC Exemption Standards**

The American Bar Association Section of Taxation has submitted <u>comments</u>, in response to Notice 2021-56, on the standards for a limited liability company to receive a determination letter recognizing it as tax-exempt under Section 501(a), expressing general support for the standards and offering information and recommendations on specific issues concerning exempt status for LLCs. (Section references are to the Internal Revenue Code of 1986, as amended.)

## **AICPA Comments on Group Exemption Letter Program**

The American Institute of CPAs has <u>commented</u>, in response to Notice 2020-36, on proposed group exemption rules and reporting for exempt organizations. The comments suggest creating a new schedule for listing subordinate organizations, updating guidance on Form 990-N filing, permitting an option to file one consolidated Form 990 and implementing other streamlining measures.

### Philadelphia Issues Guidance on Realty Transfer Tax

The Philadelphia Department of Revenue has issued <u>guidance</u> regarding the Philadelphia realty transfer tax. The Department reminds taxpayers that the realty transfer tax is imposed on persons who transfer ownership of realty located in Philadelphia. The Philadelphia realty transfer tax rate is 3.27%, which is in addition to the 1% tax from the Commonwealth. The tax is imposed on the property's sale price or assessed value plus any debts the seller may have that the buyer agrees to pay. If no sale occurred, the Office of Property Assessment determines the transfer tax rate. Payment of the tax is usually made when the new deed is filed with the Department of Records. In general, the tax must be paid within 30 days of the date of the transfer. An exemption from this tax applies to real estate transfers between family members.



Christopher C. Scarpa Partner 215.564.8106 cscarpa@stradley.com

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