Federal Employment Tax Update

PRESENTED FOR THE ABA MIDYEAR MEETING
January 18, 2019

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Joint Committee on Taxation (JCS-1-18)

General Explanation of Public Law 115-97 (TCJA)

• The "Blue Book"
• The IRS has been guided by JCT’s Blue Book with earlier tax enactments
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Administrative Guidance

Notice 2019-11 (1/15/19)
• Waiver of addition to tax under IRC § 6654 for underpayment of estimated income tax
• Withholding/Estimated Tax must be at least 85 percent of tax shown on 2018 return

Notice 2019-9 (1/6/19)
• Q&As on tax under new IRC § 4960 on tax-exempt organizations for "excess compensation"

Notice 2018-99 (12/20/18)
• Guidance on computing the amount of the QTF (parking) deduction disallowed under IRC § 274(a)(4) (as amended by the TCJA)
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Administrative Guidance

Notice 2018-97 (12/7/18)
• Guidance on the application of new § 83(i) in connection with five-year deferral of income on grant of privately-held company stock or RSUs

Notice 2018-76 (10/3/76)
• Guidance on deductibility of 50 percent of expenses for business meals, so long as not “lavish or extravagant”
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Representative Court Cases

*United States v. Ulasi, et al.*, Case No. 4:17-cv-01164 (USDC SDTX)
- Founders of home healthcare services company liable for TFRC under IRC § 6672
- Court concluded it did not matter that individuals were overseas for much of the period, ostensibly without access to the company’s bank accounts

- Piperfitter could not establish that “unreimbursed employee expenses” were actually not reimbursable

*Felton v. Com’r*, T.C. Memo 2018-168 (10/10/18)
- Gifts from congregants to pastor are includible in clergyman’s income
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QUESTIONS AND ANSWERS

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