

First Friday Hot Issues Summary – March 01, 2024

What we Want You to Know

Digital Assets - IR-2024-18, Jan. 22, 2024

WASHINGTON — The Internal Revenue Service reminded taxpayers that they must again answer a digital asset question and report all digital asset related income when they file their 2023 federal income tax return, as they did for their 2022 federal tax returns.

Depending on the form, the digital assets question asks this basic question, with appropriate variations tailored for corporate, partnership or estate and trust taxpayers:

At any time during 2023, did you: (a) receive (as a reward, award or payment for property or services); or (b) sell, exchange, or otherwise dispose of a digital asset (or a financial interest in a digital asset)?

"The IRS Video Portal is down undergoing unscheduled maintenance. We will share an update once the site is back up."

- **Because the IRS Video Portal is down. The ERC-VDP entire webinar was posted on Tuesday, 3/6/2024, to our IRS YouTube Channel at: https://www.youtube.com/watch?v=CaPZAAk_Vvs.**

IRS granting dyed diesel penalty relief as a result of Texas wildfires

IR-2024-67, March 07, 2024

WASHINGTON — The Internal Revenue Service, in response to disruptions to the supply of fuel for diesel powered highway vehicles resulting from wildfires, will not impose a penalty when dyed diesel fuel with a sulfur content that does not exceed 15 parts-per-million is sold for use or used by diesel-powered vehicles on the highway in certain counties in Texas.

This penalty relief begins on February 23, 2024, and will remain in effect through March 22, 2024.

The penalty relief is available to any person that sells or uses dyed diesel fuel in vehicles suitable for highway use. In the case of the operator of the highway vehicle in which the dyed diesel fuel is used, the relief is available only if the operator or the person selling such fuel pays the tax of 24.4 cents per gallon that is normally applied to un-dyed diesel fuel for highway use.

The IRS will not impose penalties for failure to make semimonthly deposits of tax for dyed diesel fuel sold for use or used in diesel powered vehicles on the highway in the listed counties in the state of Texas during the relief period. [IRS Publication 510, Excise Taxes](#), has information on the proper method for reporting and paying the tax.

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Employer provided childcare credit

If employers provide childcare services to your employees, you may be eligible for this general business credit. It covers qualified expenditures for a childcare facility and for childcare resource and referral.

The Employer-Provided Childcare Credit offers employers a tax credit up to \$150,000 per year to offset 25% of qualified childcare facility expenditures and 10% of qualified childcare resource and referral expenditures. Find details in [Internal Revenue Code \(IRC\) Section 45F](#).

- [How it works](#)
- [Who is eligible](#)
- [Qualified childcare facility](#)
- [Qualified childcare facility expenditures](#)
- [Qualified resource and referral expenditures](#)
- [How to claim the credit](#)
- [Related](#)

How it works

The employer-provided childcare credit is limited to \$150,000 per year. It equals 25% of the qualified childcare facility expenditures plus 10% of the qualified childcare resource and referral expenditures you pay or incur during the tax year.

The credit is an incentive for taxpayers to provide childcare services to their employees.

Who is eligible

To be eligible for the credit, an employer must have paid or incurred qualified childcare expenditures during the tax year to provide childcare services to employees.

[Employer-provided childcare credit | Internal Revenue Service \(irs.gov\)](#)

Commercial Clean Energy Credits:

Eligible contractors who build or substantially reconstruct qualified new energy-efficient homes may be able to claim tax credits up to \$5,000 per home. The amount of the credit depends on factors including the type of home, its energy efficiency, and the date when the home is acquired.

Who is eligible

Eligible contractors must meet all requirements under [Internal Revenue Code \(IRC\) Section 45L](#) before they claim the credit. Find guidance interpreting section 45L in [Notice 2008-35](#) (and [Notice 2008-36](#) for manufactured homes).

To qualify, a home must meet all required specifications under [IRC Section 45L](#).

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For homes acquired in 2023 through 2032: The credit amount is up to \$5,000 based on the applicable program and program requirements under which the home was built ([Energy Star](#) or [Zero Energy Ready Home](#)).

For homes acquired before 2023: The credit amount is \$1,000 or \$2,000, depending on the [energy saving requirements](#) met.

Find details in [About Form 8908, Energy Efficient Home Credit](#).

[IRS warns tax professionals to be aware of EFIN scam email:](#)

The IRS warned that scammers are posing as tax software providers and requesting EFIN documents from tax professionals under the guise of a required verification to transmit tax returns. These thieves attempt to steal client data and tax preparers' identities, creating the potential for them to file fraudulent tax returns for refunds.

Tax professionals who received the scam should save the email as a file and then send it as an attachment to phishing@irs.gov. They also should notify the Treasury Inspector General for Tax Administration at www.tigta.gov to report the IRS impersonation scam. Both TIGTA and the IRS Criminal Investigation division are aware of the scam.

[Prior Issues](#)

[CAA submissions moratorium](#) has been lifted as of Jan 19, 2024.

[ITIN Acceptance Agent Program changes | Internal Revenue Service \(irs.gov\)](#)

IRS Resumes Acceptance Agent Application Submissions January 19, 2024, the IRS lifted the moratorium on the application submissions. Interested parties can now resume submitting applications to participate in the IRS Acceptance Agent program.

The Acceptance Agent application process has changed significantly and includes modernization efforts that transformed the prior paper application process to an electronic application process. This change results in greater efficiencies and reduces the processing time for properly submitted applications from 120 days to 60 days. You may refer to the [Acceptance Agent FAQs](#) for answers to commonly asked questions on the new application process.

Issue: Tax pro submitted 11 forms 1099-NEC through IRIS. Two came back as "accepted with errors ", with no other explanation except Business Name/TIN must match IRS database.

Response: IRIS users with e-Services accounts, can access the IRIS Business Rules (reject codes) through their SOR. See this information from irs.gov:

How to Get Schemas and Business Rules:

- To receive IRIS schemas and business rules, you must have an [IRIS Transmitter Control Code \(TCC\)](#).

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- With an IRIS TCC, you can get schema packages in your e-Services mailbox.
- [Sign into e-Services](#)
Your e-Services mailbox is part of the Secure Object Repository (SOR).
[Instructions to Access the SOR Mailbox](#)

Issue: With delay in processing ERC claims, is there an extension of time to file amended returns reflecting the ERC? We have seen nothing from IRS about this and the deadlines for amendment are quickly approaching.

Status: Elevated

New Issues

Issue: S-Corp Elections, delay in the receipt of letter 326(c)

Status: Please provide documentation to substantiate delays or any issues with S-Corp elections.

Keep your comments on this issue and others coming. Send them to our team mailbox CL.SL.Area.4@irs.gov.

Please keep your feedback coming. Remember feedback requires identifying barriers AND providing possible solutions. Please send both to Area 4 (AR, FL, GA, LA, MS, PR, SC, TX, and U.S. VI) CL.SL.Area.4@irs.gov

Next Meeting May 03, 2024