



Current Federal Tax Developments

April 29, 2024

Kaplan Financial Education



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This Week We Look At:

Final regulations issued on credit transfer provisions of the Inflation Reduction Act

Tax Court rules the law does mandate a minimum level of attention by a supervisor when approving a proposed penalty

IRS announces the end of the Direct File pilot and will announce the next steps shortly

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<https://www.currentfederaltaxdevelopments.com>





Final Regulations Issued on Transfer of Certain Inflation Reduction Act Energy Credits



Photo by [Max Bender](#) on [Unsplash](#)

- TD 9993, April 30, 2024
 - Final regulations have been issued for the transfer of certain energy tax credits
 - The option was added by the Inflation Reduction Act to allow for certain taxpayers without a sufficient tax liability to get a benefit from the credits
 - Regulations appear concerned with limiting the potential for abuse.

<https://public-inspection.federalregister.gov/2024-08926.pdf>

Final Regulations Issued on Transfer of Certain Inflation Reduction Act Energy Credits



Photo by [Max Bender](#) on [Unsplash](#)

- TD 9993, April 30, 2024
 - *Tax Notes Today* article by Mary Katherine Browne (“IRS Keeps Short Leash on Energy Credit Transferability”, April 29, 2024) noted
 - IRS turned down request to allow separate sale of base and bonus credits
 - Also declined to allow advance payments of cash before the tax year credit applies to
 - Regulations primarily apply to years ending on or after April 30, 2024, although taxpayers may apply many provisions to earlier periods

<https://public-inspection.federalregister.gov/2024-08926.pdf>



Law Does Not Any Level of Attention Be Given for Supervisory Approval of Penalties



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- *Estate of Glassman*, TC Memo 2024-51, April 24, 2024
 - Issue is the application of IRC §6751(b)(1) which provides “No penalty under this title shall be assessed unless the initial determination of such assessment is personally approved (in writing) by the immediate supervisor of the individual making such determination or such higher level official as the Secretary may designate.”
 - In this case, the penalty in question was approved by the agent’s Acting Group Manager
 - Regular group manager was on a scheduled two week leave when the request was submitted

<https://www.taxnotes.com/research/federal/court-documents/court-opinions-and-orders/thought-doesnt-count-penalty-approval-case-court-says/7jgc0>



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- *Estate of Glassman*, TC Memo 2024-51, April 24, 2024
 - Two days after the Acting Group Manager approved the penalty, the agent's regular Group Manager resumed her duties
 - Regular group manager mailed both an original Form 4549-A and, eventually, a corrected notice as the matter progressed. This form was the first formal communication that the IRS planned to assert the penalty

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- *Estate of Glassman*, TC Memo 2024-51, April 24, 2024
 - Taxpayer asserted that the Acting Group Manager had not been involved in the exam prior to granting approval and thus his approval should be disregarded
 - Tax Court states “Section 6751(b)(1) does not inquire into the time or effort the examiner and the supervisor devote to their respective tasks.”
 - Continues stating “We reiterate that the signature of a group manager on a penalty approval form — or the signature of the acting group manager, as here — is sufficient, without more, to satisfy the statutory requirements.”

<https://www.taxnotes.com/research/federal/court-documents/court-opinions-and-orders/thought-doesnt-count-penalty-approval-case-court-says/7jgc0>

IRS Announces End to Direct File Pilot, Proclaims Program a Success



Photo by Philip Oroni on Unsplash+

- “Direct File pilot officially closes after more than 140,000 taxpayers successfully use direct e-filing system in 12 states, including integration with 4 state tax systems,” IRS News Release IR-2024-122, April 26, 2024
 - Involved 12 states and had 140,803 taxpayers participate in the pilot program run for this tax season
 - Availability started in mid-March (so ran for a portion of the tax season)
 - 90% of respondents to GSA survey ranked their experience with Direct File as “Excellent” or “Above Average.”

<https://www.irs.gov/newsroom/direct-file-pilot-officially-closes-after-more-than-140000-taxpayers-successfully-use-direct-e-filing-system-in-12-states-including-integration-with-4-state-tax-systems>



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- “Direct File pilot officially closes after more than 140,000 taxpayers successfully use direct e-filing system in 12 states, including integration with 4 state tax systems,” IRS News Release IR-2024-122, April 26, 2024
- No decisions has been made at this time regarding the future of the program
- An announcement about the future of Direct File is expected later this spring from the IRS

<https://www.irs.gov/newsroom/direct-file-pilot-officially-closes-after-more-than-140000-taxpayers-successfully-use-direct-e-filing-system-in-12-states-including-integration-with-4-state-tax-systems>

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