



DANNIBLE & McKEE, LLP

Certified Public Accountants and Consultants

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# Federal Tax Update for Business & Individuals

Presented by: Nicholas L. Shires, CPA

November 9, 2023

## ... 2022 Business Tax Update - Agenda

- Legislative Update
- Key Inflation Adjustments and Expiring Provisions
- IRS Update

# Legislative Update

## ... Legislative Update – New Legislation

- Creating Helpful Incentives to Produce Semiconductors (CHIPS) Act (August 2022)
- Inflation Reduction Act (August 2022)
- SECURE Act 2.0 (December 2022)
- Fiscal Responsibility Act of 2023 (June 2023)

## ... Legislative Update – Creating Helpful Incentives to Produce Semiconductors (CHIPS) Act

- Signed into law on August 9, 2022
- Advanced Manufacturing Investment Credit
  - Property placed in service after December 31, 2022
  - Construction must begin prior to December 31, 2026
  - 25% of qualified investment in advanced manufacturing facility



## ... Legislative Update – Inflation Reduction Act (IRA)

- Signed into law on August 16, 2022
  - Reduce deficit, invest in domestic energy production, lower prescription drug costs
- Expected Revenue Raised = \$737 Billion
  - Tax increases and increased compliance
- Expected Costs = \$437 Billion
  - Tax credits and increased appropriations for IRS

## ... Legislative Update – Inflation Reduction Act (IRA)

- 15% Corporate Alternative Minimum Tax
  - Book income of \$1 billion (effective 1/1/2023)
- 1% Excise Tax on Corporate Stock Buybacks (effective 1/1/2023)
- Raises the Superfund Tax on crude oil and imported petroleum
- Extension of limitation on pass-through losses to 2027 and 2028
- Excise Tax on drug manufacturers, producers, importers (Oct. 2026)



## ... Legislative Update – Inflation Reduction Act (IRA)

- Green Energy Credits – Clean Electricity and Reducing Carbon Emissions
  - Extension and modification of credit for electricity produced from certain renewable sources (sunset 12/31/24)
  - Extension and modification of the energy credit (sunset 12/31/24)
  - Increased energy credit for solar and wind facilities in certain low-income communities
  - Extension and modification of credit for carbon oxide sequestration (sunset 12/31/32)
  - Zero-Emission nuclear power production credit (sunset 12/31/32)

## ... Legislative Update – Inflation Reduction Act (IRA)

- Green Energy Credits – Clean Fuels
  - Extension of incentives for biodiesel, renewable diesel, and alternative fuels (sunset 12/31/24)
  - Extension of second-generation biofuel incentives (sunset 12/31/24)
  - Sustainable aviation fuel credit (sunset 12/31/24)
  - Credit for production of clean hydrogen (sunset 12/31/32)

## ... Legislative Update – Inflation Reduction Act (IRA)

- Green Energy Credits – Individual
  - Extension, increase, and substantial modification of nonbusiness energy property credit (sunset 12/31/32)
  - Extension and modification of residential energy efficient property credit (sunset 12/31/34)
  - Extension, increase and modification of new energy-efficient home credit (sunset 12/31/32)

## ... Legislative Update – Inflation Reduction Act (IRA)

- Green Energy Credits – Clean Vehicles
  - Clean vehicle credit (sunset 12/31/32)
  - Credit for previously-owned clean vehicles (sunset 12/31/32)
  - Credit for qualified commercial clean vehicles (sunset 12/31/32)
  - Alternative fuel refueling property credit (sunset 12/31/32)
  - New online tool for dealers

## ... Legislative Update – Inflation Reduction Act (IRA)

- Green Energy Credits – Investment in Clean Energy Manufacturing and Energy Security
  - Extension of the advanced energy project credit
  - Advanced manufacturing production credit (sunset 12/31/32)

## ... Legislative Update – Inflation Reduction Act (IRA)

- Green Energy Credits – Incentives for Clean Electricity and Clean Transportation
  - Clean electricity production credit
  - Clean electricity investment credit
  - Cost recovery for qualified facilities, qualified property, and energy storage technology
  - Clean fuels production credit (sunset 12/31/27)



## ... Legislative Update – Inflation Reduction Act (IRA)

- Apprenticeship and Prevailing Wage Requirements
  - Prevailing Wage must be paid to all laborers and mechanics by taxpayer or subcontractor
    - Prevailing Wage Correction allowed (with interest)
      - 3x for intentional disregard
  - Penalty applied of \$5,000 (\$10,000 for intentional disregard) per laborer or mechanic
  - 180 day requirement

## ... Legislative Update – Inflation Reduction Act (IRA)

- Apprenticeship and Prevailing Wage Requirements
  - Apprenticeship
    - Not Less than the applicable percentage of total labor hours must be performed by qualified apprentices
      - Prior to 2023 = 10%
      - 2023 = 12.5%
      - After 2023 = 15%

## ... Legislative Update – Inflation Reduction Act (IRA)

- Apprenticeship and Prevailing Wage Requirements
  - Apprenticeship Requirement
    - Any taxpayer, contractor, or subcontractor with 4 or more employees
      - Satisfied by meeting applicable % of hours OR
      - Paying a penalty of \$50 (\$500 for intentional disregard) per labor hour shortage
      - “Good Faith Effort” exception

## ... Legislative Update – Inflation Reduction Act (IRA)

- Accelerated Cost Recovery for Green Building Property (Section 179D) – Pre-IRA
  - Deduction up to \$1.80 (\$1.88 for 2022) per square foot on Energy Efficient Commercial Building Property
    - 50% or more annual energy savings
    - Part of Interior Lighting, HVAC, or Building Envelope
  - Building must be owned by the Taxpayer
    - Government owned building allocation

## ... Legislative Update – Inflation Reduction Act (IRA)

- Accelerated Cost Recovery for Green Building Property (Section 179D) – Post-IRA
  - Buildings Placed in Service after December 31, 2022
  - Reduced Energy Savings Requirement from 50% to 25%
  - Applicable Dollar Value Method
    - \$.50 increased up to \$1.00
    - Potential increase to \$2.50 up to \$5.00
      - Prevailing wage or apprenticeship requirements
  - “Government” changed to “Tax Exempt”

## ... Legislative Update – Inflation Reduction Act (IRA)

- Accelerated Cost Recovery for Green Building Property (Section 179D) – Post-IRA
  - Alternative Deduction for Retrofit Property
    - Based on Percentage Reduction in energy use intensity rather than total energy costs
    - Qualified Retrofit Plan established after December 31, 2022
    - Alternative Deduction cannot exceed adjusted basis of retrofit property placed in service



## ... Legislative Update – Inflation Reduction Act (IRA)

- Increase in Qualified Small Business Payroll Tax Credit for Increasing Research Activities
  - Up to \$250,000 of R&D credit can be utilized as payroll tax credit to offset employer's share of Social Security tax
  - Small Business
    - Gross receipts of less than \$5 million
    - Zero gross receipts in any tax year prior to 5-year lookback period
  - Tax years beginning after December 31, 2022

# Legislative Update – Inflation Reduction Act (IRA)

**Section D—Qualified Small Business Payroll Tax Election and Payroll Tax Credit.** Skip this section and go to Section E if the payroll tax election does not apply. See instructions.

<b>41a</b>	Check this box if you are a qualified small business electing the payroll tax credit. See instructions <input type="checkbox"/>	
<b>b</b>	Check this box if payroll tax is reported under a different EIN. <input type="checkbox"/>	
<b>42</b>	Enter the portion of line 36 elected as a payroll tax credit (do not enter more than \$500,000). See instructions . . . . .	<b>42</b>
<b>43</b>	General business credit carryforward from the current year (see instructions). Partnerships and S corporations, skip this line and go to line 44 . . . . .	<b>43</b>
<b>44</b>	Partnerships and S corporations, enter the smaller of line 36 or line 42. All others, enter the smallest of line 36, line 42, or line 43. Enter here and on the applicable line of Form 8974, Part 1, column (e). Members of controlled groups or businesses under common control, see instructions for the statement that must be attached . . . . .	<b>44</b>

## Section E—Other Information (See instructions)

<b>45</b>	Enter the number of business components generating the credit computed on line 15 or line 32	<b>45</b>
<b>46</b>	Enter the amount of officers' wages included in line 5 or line 24 . . . . .	<b>46</b>
<b>47</b>	Did you acquire or dispose of any major portion of a trade or business in the tax year? Yes <input type="checkbox"/> No <input type="checkbox"/>	
<b>48</b>	Did you identify any new categories of expenditures included in the current year QRE? Yes <input type="checkbox"/> No <input type="checkbox"/>	
<b>49</b>	Did you determine any of the QREs on line 9 or line 28 following the ASC 730 Directive? Yes <input type="checkbox"/> No <input type="checkbox"/> If "Yes," enter the amount from Appendix C, Line 19 . . . . .	<b>49</b>
This ASC 730 Directive only applies to taxpayers with assets equal to or greater than \$10,000,000 who follow U.S. GAAP to prepare their Certified Audited Financial Statements showing the amount of currently expensed Financial Statement R&D. See instructions.		

Form **6765** (Rev. 12-XXXX)

# Legislative Update – Inflation Reduction Act (IRA)

Form 6765 (Rev. 12-XXXX)

Page **3**

**Section F—Business Component Information.** Information for each Business Component (BC) (see instructions). Complete Lines 50 through 57 for each business component. If you have more than ten business components, see instructions.

BC	50(a) EIN of the controlled group member conducting the research activities on this business	50(b) Controlled group member's principal business activity code	50(c) Business component's descriptive name	50(d) Describe the information sought to be discovered and identify the one or more alternatives evaluated in the process of experimentation for each business component. Use the space provided.
1				
2				
3				
4				
5				
6				
7				
8				
9				
10				

BC	50(e) Is the business component new or improved (select one)	50(f) Business component type (select one from available options)	50(g) Business component use (select one from available options)	50(h) Software (if applicable, select one from available options)
1				
2				
3				
4				
5				
6				
7				
8				
9				
10				

BC	51 Direct research wages for qualified services	52 Direct supervision wages for qualified services	53 Direct support wages for qualified services	54 Total qualified wages (Add line 51, line 52, and line 53)

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BC	55 Cost of supplies	56 Rental or lease cost of computers	57 Applicable amount of contract research expenses (see instructions for reporting basic research payments)
1			
2			
3			
4			
5			
6			
7			
8			
9			
10			

58	Total wages for qualified services for all business components. Add amounts from line 54. Enter here and on line 5 or line 24 (do not include any wages used in figuring the work opportunity credit)	58
59	Total costs of supplies for all business components. Add amounts on line 55. Enter here and on line 6 or line 25	59
60	Total rental or lease cost of computers for all business components. Add amounts on line 56. Enter here and on line 7 or line 26	60
61	Total the applicable amount of contract research for all business components, excluding basic research payments. Add amounts on line 57.	61
62	Enter the applicable amount of all basic research payments. See instructions	62
63	Add line 61 and line 62. Enter here and on line 8 or line 27.	63
64	Total qualified research expenses. Add line 58, line 59, line 60 and line 63. Enter here and on line 9 or line 28.	64

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## ... SECURE Act 2.0 - Overview

The Setting Every Community up for Retirement Enhancement (SECURE) Act 2.0 contains several changes affecting retirement plans that impact many individuals and small businesses. The goal of the plan is to increase retirement savings, expand coverage and clarify rules of retirement plans.

## ... SECURE Act 2.0 - Changes already in effect for 2023

- Modification of Credit for small employer pension plan start-up costs
- Credit for small employers of military spouses
- Required Minimum Distributions (RMDs)
  - 2023 – 2032 – Applicable Age increased from 72 to 73
  - 2033 and beyond – Applicable Age increased to 75



## ... SECURE Act 2.0 - Changes going into effect in 2024

Act Section	Original Rule	New Rule	People Affected	Effective Date
Section 108: Indexing of IRA catch-up.	Individuals who are at least 50 before the end of the tax year, their IRA contribution catch-up contribution amount of \$1,000 is not indexed for inflation.	A cost-of-living adjustment is applied to the catch-up amount.	Individuals near or at age 50 who have IRAs.	Tax years beginning after 2023.
Section 110: employer matching contributions for student loan payments.	Employers' contributions to defined contribution plans on behalf of employee made with respect to student loan payments are not treated as employer matching contributions.	Under 401(k), 403(b), governmental 457(b) or SIMPLE IRA plans employers can match contributions with respect to "qualified student loan payments."*	Employers with 401(k), 403(b), governmental 457(b) or SIMPLE IRA plans and individuals with outstanding student loans.	Contributions made for years beginning after 2023.

\*The employee must certify annually their employer making matching contributions that the payment has been made on the loan.

## ... SECURE Act 2.0 - Changes going into effect in 2024 cont.

Act Section	Original Rule	New Rule	People Affected	Effective Date
Section 115: No early withdrawal penalty for emergency personal expenses.	No exemption from 10% early withdrawal penalty for personal emergency expenses.	An exception for certain distributions used for emergency expenses. There will not be a 10% fee on these distributions for once yearly distribution up to \$1,000.*	Those who are under age 59-1/2, who participate in IRAs, 401(k)s, and other plans—but not defined benefit plans.	Distributions after 2023.
Section 117: Increased SIMPLE.	The maximum allowable employee contribution for 2023 to a SIMPLE plan is \$15,500, individuals 50 or older may also contribute a catch-up in the amount of \$3,500.	Maximum is 110% of the \$10,000 adjusted for inflation and for calendar year 2024 as long as the employer: 1. has no more than 25 employees, 2. elects for the increase to apply. Catch-up limit is 110% for calendar year 2024).	Employers who maintain SIMPLE, 401(k) or SIMPLE IRA plans and employees who participate in such plans.	Tax years beginning after 2023.

\*The distribution must be paid back within three years and no other emergency distribution is allowed during those three years before it is paid back.

## ... SECURE Act 2.0 - Changes going into effect in 2024 cont.

Act Section	Original Rule	New Rule	People Affected	Effective Date
Section 121: Starter 401(k) plans for employers with no retirement plans.	No provision allowing smaller employers to set up 401(k) or 403(b) plan without incurring usual costs and other burdens.	Allows an employer who doesn't sponsor a retirement plan to set up a "starter 401(k) deferral-only arrangement" or a "safe harbor 403(b)" plan. Automatic enrollment rules will apply (3% - 15% deferral rate) – same contribution limits as IRA	Employers who do not have a 401(k) or 403(b) plan.	Plan years beginning after 2023.
Section 603: catch-up contributions of higher-paid employers must be designated Roth.	Catch-up contributions must be made beginning with the year a participant of a 401(k), 403(b), and 457(b) plan reaches 50 years old. In addition to the normal deferral limit participants who are 50 or older can make additional elective deferrals.	For those participants in 401(k), 403(b), and 457(b) plans whose wages for the preceding year exceed \$145,000 and makes catch-up contributions, the contributions must be designated a Roth contribution under an employee election. The contributions made for these employees are on an after-tax basis.	Employers who have 401(k), 403(b), or 457(b) plans and the employees who have those plans.	Tax years beginning after 2023 (w/ 2 year transition period).

## ... SECURE Act 2.0 - Changes going into effect in 2024

- Tax Free Rollover from 529 account in a Roth IRA
  - Account must be at least 15 years old
  - Aggregate rollovers cannot exceed \$35,000
  - Subject to annual Roth contribution limits, excluding AGI limitation
  - Rollover cannot exceed the aggregate contributions 5+ years prior to rollover

## ... Fiscal Responsibility Act of 2023

- Compromise on the debt ceiling
  - Extended debt ceiling agreement through 2025
- IRS Budget Adjustment
  - \$1.4 billion rescinded from \$80 billion appropriations included in Inflation Reduction Act
  - No change to IRS plans in the near term

# Key Inflation Adjustments and Expiring Provisions



## Key Inflation Adjustments and Expiring Provisions

Tax Rate	Single	Married Filing Jointly	Married Filing Separately	Head of Household
<b>10%</b>	Up to \$11,000	Up to \$22,000	Up to \$11,000	Up to \$15,700
<b>12%</b>	\$11,001 to \$44,725	\$22,001 to \$89,450	\$11,001 to \$44,725	\$15,701 to \$59,850
<b>22%</b>	\$44,726 to \$95,375	\$89,451 to \$190,750	\$44,726 to \$95,375	\$59,851 to \$95,350
<b>24%</b>	\$95,376 to \$182,100	\$190,751 to \$364,200	\$95,376 to \$182,100	\$95,351 to \$182,100
<b>32%</b>	\$182,101 to \$231,250	\$364,201 to \$462,500	\$182,101 to \$231,250	\$182,101 to \$231,250
<b>35%</b>	\$231,251 to \$578,125	\$462,501 to \$693,750	\$231,251 to \$346,875	\$231,251 to \$578,100
<b>37%</b>	\$578,1256 or more	\$693,751 or more	\$346,876 or more	\$578,101 or more

## Key Inflation Adjustments and Expiring Provisions

### Trust Rates

Tax	
Rate	Estates and Trusts
<b>10%</b>	Up to \$2,900
<b>24%</b>	\$2,901 to \$10,550
<b>35%</b>	\$10,551 to \$14,450
<b>37%</b>	\$14,451 or more

### Capital Gains Rates

Tax		Married Filing	Married Filing	Head of	Estates
Rate	Single	Jointly	Separately	Household	and Trusts
<b>0%</b>	\$44,625	\$89,250	\$44,625	\$59,750	\$3,000
<b>15%</b>	\$492,300	\$553,850	\$276,900	\$523,050	\$14,650

## Key Inflation Adjustments and Expiring Provisions

- Estate Tax
  - 2023 Exemption \$12,920,000
  - 2024 Exemption \$13,610,000
  - 2025 Exemption increased for inflation
  - 2026 Exemption goes back to pre-TCJA level
- Gift Tax
  - 2023 Exemption \$17,000
  - 2024 Exemption \$18,000

## ... Key Inflation Adjustments and Expiring Provisions

2024 Contribution Limit Increases			
Contribution	2023 Limit	2024 Limit	Change
401(k)/403(b) Employee Contribution	\$22,500	\$23,000	\$500
401(k)/403(b) Catch-Up Contribution	\$7,500	\$7,500	\$0
401(k)/403(b) Total Contribution <50	\$66,000	\$69,000	\$3,000
401(k)/403(b) Total Contribution 50+	\$73,500	\$76,500	\$3,000
457(b) Contribution	\$22,500	\$23,000	\$500
Traditional IRA Contribution	\$6,500	\$7,000	\$500
Traditional IRA Catch-Up Contribution	\$1,000	\$1,000	\$0
Roth IRA Contribution	\$6,500	\$7,000	\$500
Roth IRA Catch-Up Contribution	\$1,000	\$1,000	\$0
SEP-IRA Contribution	\$66,000	\$69,000	\$3,000
SIMPLE IRA/SIMPLE 401(k) Contribution	\$15,500	\$16,000	\$500
HSA Contribution (single)	\$3,850	\$4,150	\$300
HSA Contribution (family)	\$7,750	\$8,300	\$650
Healthcare FSA Contribution	\$3,050	\$3,200	\$150

## Key Inflation Adjustments and Expiring Provisions

- Tax Cuts and Jobs Act – Expiring Provisions (cont.)
  - Bonus Depreciation Phase Out
    - 2023 80%
    - 2024 60%
    - 2025 40%
    - 2026 20%
  - Most states (including NYS) do not conform to Bonus Depreciation

## Key Inflation Adjustments and Expiring Provisions

- Depreciation
  - Section 179
    - Maximum Expense Election
      - 2023 \$1,160,000
      - 2024 \$1,220,000
    - Placed in Service Phase Out
      - 2023 \$2,890,000
      - 2024 \$3,050,000



## ... Key Inflation Adjustments and Expiring Provisions

- Depreciation
  - Section 179
    - Qualifying nonresidential real property
      - Roofs
      - HVAC systems
      - Fire and alarm systems
      - Security Systems



## Key Inflation Adjustments and Expiring Provisions

- Meals and Entertainment
  - Code Section 274
    - 2021 & 2022 amended to allow full expensing of food and beverage provided by a restaurant
    - 2023 returns to 50% expense allowance
    - Entertainment still not deductible
      - Does not apply to employee parties

## Key Inflation Adjustments and Expiring Provisions

- Tax Cuts and Jobs Act – Expiring Provisions
  - R&D Expenditures – Change in Accounting Method (Rev. Proc. 2023-11, Rev. Rul. 2023-8, IRS Notice 2023-63)
    - Effective for tax years beginning after 12/31/21
    - Amortize domestic expenses over 5 years
    - Amortize foreign expenses over 15 years
    - Includes software development expenditures

## ... Key Inflation Adjustments and Expiring Provisions

### Prior

- SRE expenses were capitalized and held in suspense until the taxpayer could determine
  - if the research was successful
  - and if so, if it resulted in property with a determinable useful life
- Taxpayers could elect to
  - deduct SRE expenditures as currently deductible expenses
  - to capitalize and amortize expenditures over a period of no less than 60 months
  - charge RSE Expenditures to a capital account

### Current

- Deductions for SRE expenditures are disallowed and taxpayers are required to capitalize SRE expenditures and amortize them ratably over the applicable amortization period
  - 5-year (60-month) amortization period for SRE expenditures attributable to domestic research
  - 15-year (180-month) amortization period for foreign research

## ... Key Inflation Adjustments and Expiring Provisions

- Tax Cuts and Jobs Act – Expiring Provisions (cont.)
  - R&D Expenditures – Example
    - \$500,000 in R&D costs, incurred evenly throughout the year
    - Year 1 amortization - \$50,000
    - Deferred deduction =  $\$450,000 \times 30\% \text{ tax rate} = \$135,000$
    - R&D credit approximately \$50,000

## Key Inflation Adjustments and Expiring Provisions

- Tax Cuts and Jobs Act – Expiring Provisions (cont.)
  - R&D Expenditures – IRS Notice 2023-63 (September 8, 2023)
    - Capitalization of specified research or experimental (SRE) expenditures
    - Treatment of SRE expenditures under Section 460
    - Application of Section 482 to cost sharing arrangements involving SRE expenditures

## Key Inflation Adjustments and Expiring Provisions

- Tax Cuts and Jobs Act – Expiring Provisions (cont.)
  - R&D Expenditures – Examples in IRS Notice 2023-63
    - Labor costs
    - Materials and supplies
    - Cost recovery allowances
    - Patent costs
    - Certain operation and management costs
    - Travel costs
  - Allocation Method

## Key Inflation Adjustments and Expiring Provisions

- Tax Cuts and Jobs Act – Expiring Provisions (cont.)
  - NOT R&D Expenditures – Examples in IRS Notice 2023-63
    - Interest expense
    - Website content and hosting costs
    - SG&A service departments
      - Payroll personnel, h/r service personnel, accounting personnel



## ... Key Inflation Adjustments and Expiring Provisions

- Tax Cuts and Jobs Act – Expiring Provisions (cont.)
  - Qualified Business Income (QBI) Deduction (expires after 2025)
  - Lower Tax Rates (expires in 2025)
  - Look ahead when planning for 2023 year-end
    - Deferring income still works
    - Don't create permanent tax cost

# IRS Update

## ... IRS Update

- Tax Gap Estimates
  - “Gross Tax Gap” is the difference between estimate true tax liability and the amount of tax paid on time
  - IRS Study released October 12, 2023
    - 2020 & 2021 projected tax gap increased to \$688 billion (up from \$496 billion)
    - Late payments and collection efforts resulted in additional \$63 billion collected

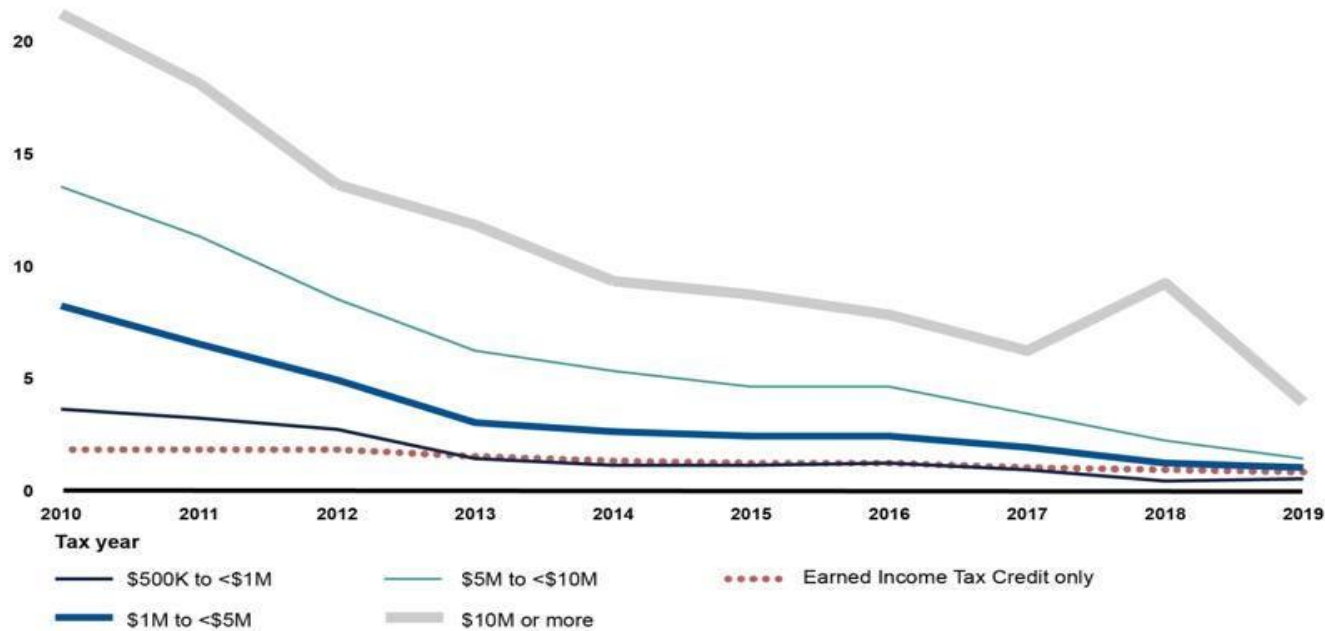
## ... IRS Update

- Tax Gap Estimates
  - Tax Gap is an indication of non-filing and non-compliance
    - Non-filing \$77 billion (up from \$41 billion)
    - Underreporting \$542 billion (up from \$445 billion)
    - Underpayment \$68 billion (up from \$64 billion)
  - 85% Compliance Rate (consistent with prior studies)
    - System is reliant on voluntary compliance
    - Voluntary compliance improves with third-party reporting and required withholding

## IRS Operations – Audit Rates

**Figure 9: Audit Rates of Individual Tax Returns by Select Taxpayer Total Positive Income Categories and Earned Income Tax Credit (EITC), Tax Years 2010 to 2019**

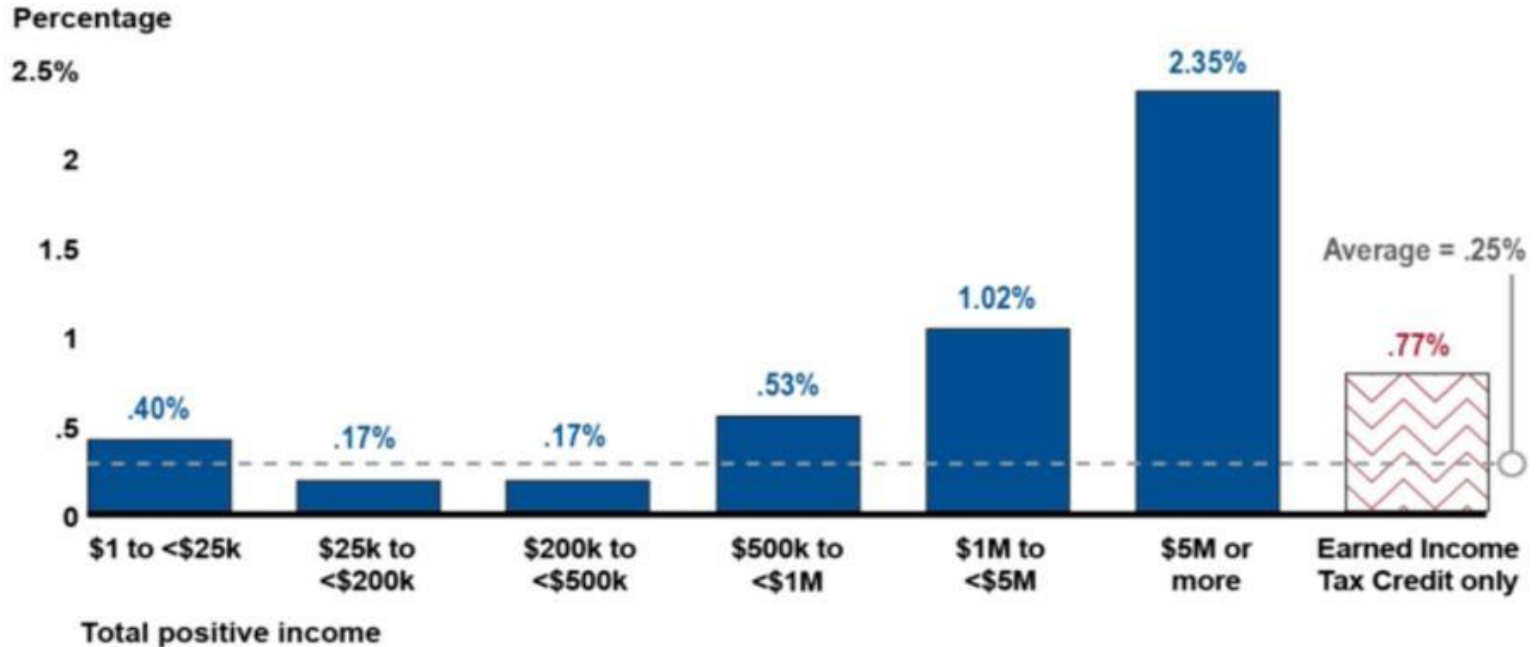
Percentage  
25%



Source: GAO analysis of Internal Revenue Service data. | GAO-22-104960

## IRS Operations – Audit Rates

### Audit Rates by Total Positive Income, Tax Year 2019



Source: GAO analysis of Internal Revenue Service data. | GAO-22-104960

## ... IRS Operations

- IRS Next Steps – Overhaul Enforcement Strategy (September 8, 2023)
  - Less attention on those earning under \$400,000
  - More attention to “high-income earners, partnerships, large corporations and promoters abusing the nation’s tax laws”
  - Technology improvements to lead to more efficient, timely processing of returns
    - Utilize AI to improve case selection to avoid burdening taxpayers with needless “no change” audits



## ... IRS Operations

- IRS Next Steps – Enforcement Focus Areas
  - Prioritizing high-income cases (over \$1,000,000 in income and more than \$250,000 tax debt)
  - Expansion of pilot program utilizing AI to focus on largest partnerships
  - Partnership issues through compliance letters

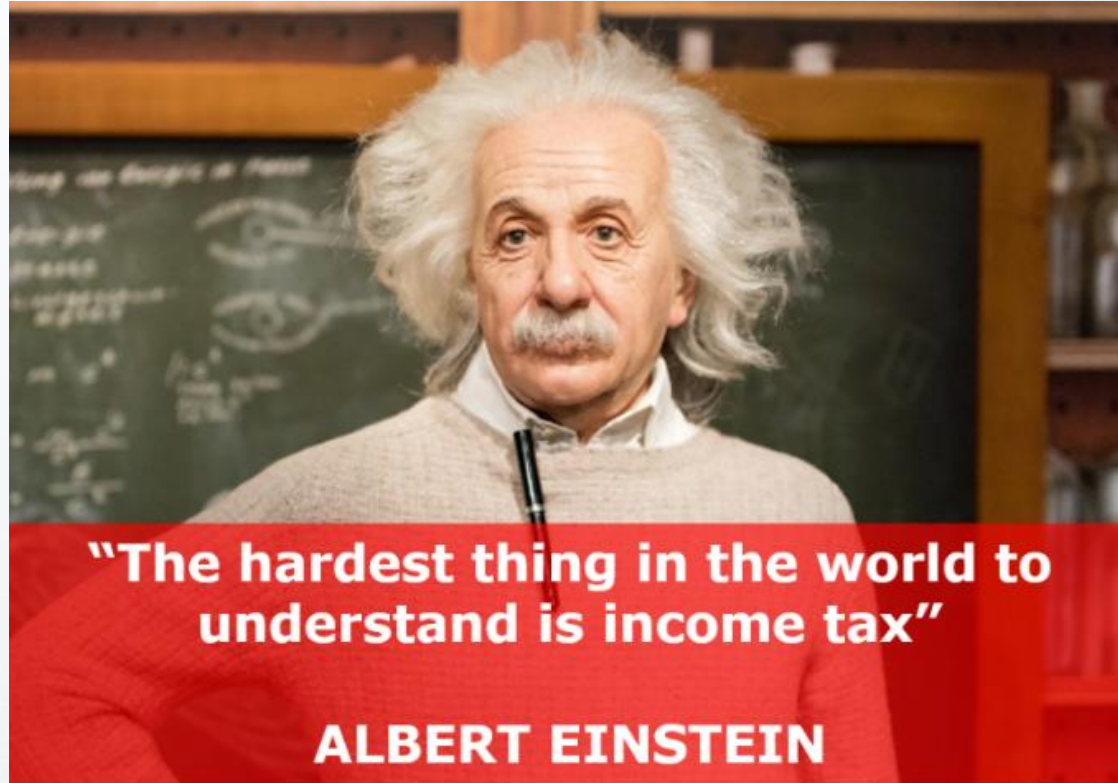
## ... IRS Operations

- IRS Next Steps – Enforcement Focus Areas
  - Expanded work on digital assets
  - More scrutiny on FBAR violations
  - Improved equity in audits
  - Emerging scam issues ([Dirty Dozen](#))

## ... IRS Operations

- IRS Next Steps – Enforcement Focus Areas
  - Employee Retention Credit (ERC)
    - September 14, 2023 – Moratorium on processing new claims
    - Stricter compliance reviews require additional time to ensure compliance of more than 3.6 millions claims
    - October 19, 2023 – withdrawal process for employers who have not yet received a refund

## ... Questions?



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