



# Current Federal Tax Developments

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Kaplan Financial Education



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## This Week We Look At:

- IRS releases SIFL rates for first half of 2022
- IRS discussion of taxation of crowdfunding in light of new Form 1099-K rules
- Ninth Circuit affirms that legal settlement is taxable
- No *de minimis* relief for issue with erroneous information returns



# IRS Releases SIFL Rates for First Half of 2022



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- Rev. Rul. 2022-6, 3/21/22
  - Standard Industry Fare Level formula (SIFL) rates for 1/1/22 to 6/30/22
  - Have three rates since the CARES Act added relief for domestic carriers via various programs
  - Multiply cents-per-mile rate by appropriate multiple then add the applicable terminal charge (Reg. §1.61-21(g)(7))



# IRS Reminds Taxpayers that Crowdfunding May Be Taxable Income



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- “Understanding Crowdfunding,” IRS FS-2022-22, 3/21/22
  - A Form 1099-K will now be issued if the amounts distributed exceed \$600
    - May go to organizer if money goes there
    - Similarly may go to the individual
  - Treatment of money raised through crowdfunding
  - Retain records for 3 years

# Ninth Circuit Affirms Lawsuit Settlement Was Taxable Income to Recipient



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- *Debra Jean Blum v. Commissioner*, No. 21-71113, CA9, 3/22/22
  - Affirmed February 2021 case from US Tax Court (TC Memo 2021-18)
  - Claimed attorneys had committed malpractice handling her personal injury suit
  - Attorneys' negligence did lead to any physical injuries
  - Notes how tricky it is to get the exclusion under IRC §104(a)(2)

# No Relief for Penalties on Information Return Filings as *De Minimis* Provision Added Two Years Later



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- *RSBCO v. USA*; No. 3:21-cv-01192, USDC WD La, 3/23/22
  - April 4, 2013 sent email noting errors in 20,328 information returns with 60 days to correct
  - Not corrected until July 16-17, 2013, penalty of \$579,198
  - Used a dash “-” in the original returns
  - Relief provision did not apply until 2015
  - Other issues required facts to be considered



