



Current Federal Tax Developments

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Kaplan Financial Education



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This Week We Look At:

IRS revises classification of clean vehicles for purposes of determining vehicles subject to \$80,000 MSRP limit

Proposed revenue procedure published to establish new voluntary tip reporting procedure

Taxpayer's log of every mile of vehicle use had issues that prevented Tax Court from accepting it for meeting burden under IRC §274(d)



IRS Revises Classification of Vehicles for Clean Vehicle Credit



- Notice 2023-16, 2/3/23
 - Updates Notice 2023-1
 - Will use 40 CFR 600.315-08 to classify SUVs, vans and trucks based on EPA classification
 - Crossovers with status change include Cadillac Lyriq, Ford Mustang Mach-E, and Tesla Model Y
 - Volkswagen ID.4 gets same SUV treatment for 2- and 4-wheel drive versions

Proposed Restaurant Tipping Revenue Procedure Released (SITCA)



- Notice 2023-13, 2/3/23
 - New voluntary tip reporting procedure proposed
 - Service Industry Tip Compliance Agreement (SITCA) option for those in the service industry (aside from gambling)
 - Must have a technology based time and attendance system to report tips
 - Also will be required to meet certain reported tip minimums

Taxpayer Had Complete Mileage Log, But Still Unable to Carry Burden under IRC §274(d)



- *Craddock v. Commissioner*, T.C. Summ. Op. 2023-4, 1/30/23
 - Taxpayer had mileage log that accounted for every mile - but there were issues
 - Two entries on the log had him in different states on the same day
 - Multiple bank statement entries showed purchase of fuel in a state log says he wasn't in
 - Also didn't really separate out commuting to regular job or for errands

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The logo features the word "KAPLAN" in a bold, white, sans-serif font. A white curved line arches over the text, starting from the left side of the letters and ending at the top right of the letter "N".