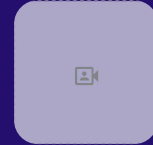




Current Federal Tax Developments

March 4, 2024

Kaplan Financial Education



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This Week We Look At:

CTA found to violate Constitution by US District Court

Tax Court issues ruling on impact of SECURE 2.0 Act statute change on returns filed before December 29, 2022 effective date of the Act

IRS warns about need to reconcile premium tax credit on Forms 1040 after seeing an increase in the number of returns being filed without the required reconciliation

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<https://www.currentfederaltaxdevelopments.com>





District Court Rules Congress Did Have the Ability to Enact the Corporate Transparency Act (CTA)



Photo by [Kier in Sight Archives](#) on [Unsplash](#)

- *National Small Business United v. Yellen*, (5:22-cv-01448), N.D. Alabama (2024), March 1, 2024
 - National Small Business Association filed suit on the CTA claiming
 - Congress exceeded its powers in enacting the CTA
 - The law violates the First, Fourth, Fifth, Ninth & Tenth Amendments and
 - Is impermissibly vague in its term
 - Court released its 52 page opinion late on a Friday afternoon

https://www.govinfo.gov/content/pkg/USCOURTS-alnd-5_22-cv-01448/pdf/USCOURTS-alnd-5_22-cv-01448-0.pdf

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- *National Small Business United v. Yellen*, (5:22-cv-01448), N.D. Alabama (2024), March 1, 2024
 - Court found that Congress failed to show this fit within its enumerated powers, taking into account the necessary and proper clause
 - Foreign affairs power
 - Commerce (interstate and international)
 - Taxing power
 - Did indicate there were ways it could be drafted to pass muster (limit applicability to entities engaged in interstate and/or international commerce)

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- *National Small Business United v. Yellen*, (5:22-cv-01448), N.D. Alabama (2024), March 1, 2024
 - As the Court had found the law in its entirety was void, decided no point in looking further at issues with First, Fourth and Fifth Amendments
 - Relief for now is only for plaintiffs in the suit, which likely includes members of the the NSBA (possibly even new ones)

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- *National Small Business United v. Yellen*, (5:22-cv-01448), N.D. Alabama (2024), March 1, 2024
 - Treasury likely can't leave matters like this
 - Could simply accept the verdict and ask Congress to fix the law
 - More likely, will appeal the ruling to the Eleventh Circuit
 - Lack of ruling on all points could complicate matter if the original ruling is overturned
 - Should that happen, could be sent back to the trial court

https://www.govinfo.gov/content/pkg/USCOURTS-alnd-5_22-cv-01448/pdf/USCOURTS-alnd-5_22-cv-01448-0.pdf



Tax Court Rules to Clarify Application of New Statute of Limitations Provision Added by SECURE 2.0 Act



Photo by [Andrik Langfield](#) on [Unsplash](#)

- *Couturier v. Commission*, 162 TC. No. 4, February 28, 2024
 - In SECURE 2.0 Act Congress started the statute of limitations for excess contributions to an IRA when the 1040 was filed (or would have been filed if one had been due) even if no Form 5329 was filed
 - The statute was six years from the date the Form 1040 was filed (or deemed filed)
 - The Act said this provision “shall take effect on the date of the enactment of this Act”

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<https://www.currentfederaltaxdevelopments.com>



<https://www.taxnotes.com/research/federal/court-documents/court-opinions-and-orders/amended-code-section-offers-no-relief-statute-limitations/7j86j>



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- *Couturier v. Commission*, 162 TC. No. 4, February 28, 2024
 - Taxpayer had overfunded an IRA in 2004 by approximately \$26 million
 - In 2016 IRS issued two notices of deficiencies for the overfunding
 - 2004-2008 and
 - 2009-2014
 - Taxpayer twice lost on positions that any assessment would be time barred, which meant matter was still before the Tax Court at the end of 2022 as the SECURE 2.0 Act was enacted

<https://www.taxnotes.com/research/federal/court-documents/court-opinions-and-orders/amended-code-section-offers-no-relief-statute-limitations/7j86j>



Tax Court Rules to Clarify Application of New Statute of Limitations Provision Added by SECURE 2.0 Act



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- *Couturier v. Commission*, 162 TC. No. 4, February 28, 2024
 - Taxpayer in 2023 moved to have the case dismissed for 2004-2008, as the notice of deficiency was issued more than 6 years after the deemed date and that the change should apply to all actions pending at the date of enactment
 - Majority opinion finds that the new law only applies to *returns filed* after the date of enactment, thus has no impact on prior year returns
 - Would appear IRS will always be able to go after pre-2022 cases where no Form 5329 was filed

<https://www.taxnotes.com/research/federal/court-documents/court-opinions-and-orders/amended-code-section-offers-no-relief-statute-limitations/7j86j>



Tax Court Rules to Clarify Application of New Statute of Limitations Provision Added by SECURE 2.0 Act



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- *Couturier v. Commissioner*, 162 TC. No. 4, February 28, 2024
 - In a concurrence joined by five judges in some part, the holding was that only those cases where a Notice of Deficiency was issued by December 29, 2022 (date of enactment) would still find taxpayers exposed to owing the tax - if no Notice of Deficiency was issued by that date, then the 6 year statute would apply
 - A dissent, joined by 2 judges, agreed with the taxpayer that cases pending before the Tax Court should have been subjected to the six rule retroactively

<https://www.taxnotes.com/research/federal/court-documents/court-opinions-and-orders/amended-code-section-offers-no-relief-statute-limitations/7j86j>

IRS Reminds Taxpayers of Need to Reconcile Premium Tax Credit on Many Individual Returns



Photo by [Samuel Ramos](#) on [Unsplash](#)

- “IRS: How to correct an electronically filed return rejected for a missing Form 8962,” IR-2024-54, February 28, 2024
- Taxpayer who receive advance payments of the premium tax credit (APTC) must file Form 8962, *Premium Tax Credit (PTC)* with their tax returns
- The form reconciles the actual credit to the APTC already received
- Returns will be rejected where the form is required but not submitted with the return if filed electronically

<https://www.irs.gov/newsroom/irs-how-to-correct-an-electronically-filed-return-rejected-for-a-missing-form-8962>

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IRS Reminds Taxpayers of Need to Reconcile Premium Tax Credit on Many Individual Returns



Photo by [Samuel Ramos](#) on [Unsplash](#)

- “IRS: How to correct an electronically filed return rejected for a missing Form 8962,” IR-2024-54, February 28, 2024
 - Must be filed if:
 - Any family member was enrolled in Marketplace health insurance and
 - IRS records show that APTC was paid to their Marketplace insurance company.
 - IRS has seen an increase in the number of returns that have omitted this required form
 - IRS had added a new FAQ page for corrections

<https://www.irs.gov/newsroom/irs-how-to-correct-an-electronically-filed-return-rejected-for-a-missing-form-8962>

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