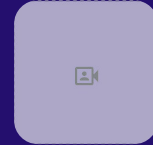




Current Federal Tax Developments

March 11, 2024

Kaplan Financial Education



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This Week We Look At:

FinCEN announces position on handling BOI enforcement following *National Small Business United v. Yellen*

IRS issues warning about companies peddling "doctor's notes"

Tax Court warns taxpayer about litigating an issue the taxpayer had previously litigated and lost on for a prior year

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<https://www.currentfederaltaxdevelopments.com>





FinCEN Announces Position on BOI Case, Limiting Coverage of Decision



Image from Unsplash+

- “Notice Regarding National Small Business United v. Yellen, No. 5:22-cv-01448 (N.D. Ala.),” FinCEN News Release, March 4, 2024
 - Case found that the Corporate Transparency Act was unconstitutional
 - Relief was granted, per the Court order, to the named plaintiffs
 - FinCEN announces will apply the decision only to members of the NASB as of March 1, 2024

<https://www.fincen.gov/news/news-releases/notice-regarding-national-small-business-united-v-yellen-no-522-cv-01448-nd-ala>

FinCEN Announces Position on BOI Case, Limiting Coverage of Decision

An official website of the United States Government

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Notice Regarding National Small Business United v. Yellen, No. 5:22-cv-01448 (N.D. Ala.)

Immediate Release: March 04, 2024

On March 1, 2024, in the case of *National Small Business United v. Yellen*, No. 5:22-cv-01448 (N.D. Ala.), a federal district court in the Northern District of Alabama, Northeastern Division, entered a final declaratory judgment, concluding that the Corporate Transparency Act exceeds the Constitution's limits on Congress's power and enjoining the Department of the Treasury and FinCEN from enforcing the Corporate Transparency Act against the plaintiffs. FinCEN is complying with the court's order and will continue to comply with the court's order for as long as it remains in effect. As a result, the government is not currently enforcing the Corporate Transparency Act against the plaintiffs in that action: Isaac Winkles, reporting companies for which Isaac Winkles is the beneficial owner or applicant, the National Small Business Association, and members of the National Small Business Association (as of March 1, 2024). Those individuals and entities are not required to report beneficial ownership information to FinCEN at this time.

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<https://www.currentfederaltaxdevelopments.com>



<https://www.fincen.gov/news/news-releases/notice-regarding-national-small-business-united-v-yellen-no-522-cv-01448-nd-ala>



FinCEN Announces Position on BOI Case, Limiting Coverage of Decision



Image from Unsplash+

- “Notice Regarding National Small Business United v. Yellen, No. 5:22-cv-01448 (N.D. Ala.),” FinCEN News Release, March 4, 2024
 - Actions for those impacted?
 - FinCEN’s announcement means they see no change for most impacted individuals
 - Even for those who have gotten relief, there is a risk of reversal on appeal
 - Most seem to be counseling continuing to plan to comply with the law

<https://www.fincen.gov/news/news-releases/notice-regarding-national-small-business-united-v-yellen-no-522-cv-01448-nd-ala>



IRS Warns About Companies Offering “Doctor’s Letter” for General Wellness Expenses



Photo by [Risen Wang](#) on [Unsplash](#)

- “IRS alert: Beware of companies misrepresenting nutrition, wellness and general health expenses as medical care for FSAs, HSAs, HRAs and MSAs,” IRS News Release IR-2024-65, March 6, 2024
 - Aimed at both taxpayers and administrators of employer plans
 - Companies claim notes from doctors on self-reported health information convert personal expenses to medical expenses
 - Must be related to a targeted diagnosis-specific activity or treatment;

<https://www.irs.gov/newsroom/irs-alert-beware-of-companies-misrepresenting-nutrition-wellness-and-general-health-expenses-as-medical-care-for-fsas-hsas-hras-and-msas>



Tax Court Warns Taxpayer Who Raises Same Issue in Second Year Before the Court



Photo by [Marcel Eberle](#) on [Unsplash](#)

- *Scott et al. v. Commissioner*, TC Memo 2024-27, March 7, 2024
 - Taxpayer had been a civilian employee of the Department of Defense
 - Received a disability payment from Civil Service Retirement, argued excludable under IRC §104(a)(4)
 - That exclusion limited to pension payment for personal injury or illness but must be attributable to very specific types of service and with specific agencies

<https://www.taxnotes.com/research/federal/court-documents/court-opinions-and-orders/second-attempt-avoid-tax-disability-payment-rejected/7j8zl>



Tax Court Warns Taxpayer Who Raises Same Issue in Second Year Before the Court



Photo by [Marcel Eberle](#) on [Unsplash](#)

- *Scott et al. v. Commissioner*, TC Memo 2024-27, March 7, 2024
 - Limited to active service in
 - Armed forces,
 - Coast and Geodetic Survey, or
 - Public Health Service
 - Also excludes a penalty under section 808 of the foreign services act
 - Taxpayer did not meet these requirements (wasn't active service in the military)

<https://www.taxnotes.com/research/federal/court-documents/court-opinions-and-orders/second-attempt-avoid-tax-disability-payment-rejected/7j8zl>



Tax Court Warns Taxpayer Who Raises Same Issue in Second Year Before the Court



Photo by [Marcel Eberle](#) on [Unsplash](#)

- *Scott et al. v. Commissioner*, TC Memo 2024-27, March 7, 2024
 - Taxpayer had attempt to claim same exemption in prior Tax Court case, which the taxpayer lost
 - Tax Court specifically warns the taxpayer that continuing to raise these issues may result in a penalty of up to \$25,000 under IRC §6673(a)

<https://www.taxnotes.com/research/federal/court-documents/court-opinions-and-orders/second-attempt-avoid-tax-disability-payment-rejected/7j8z1>



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