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Texas Bar Journal: 2023 The Year in Review – Tax Law

Renisha Fountain provides the Tax Law update in the Texas Bar Journal's 2023 The Year in Review December Issue

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Renisha Fountain, senior counsel at Chamberlain Hrdlicka's Tax Controversy practice in Houston, has contributed the Tax Law Update for the "2023: Year in Review" December issue of *Texas Bar Journal*. In the article, she focuses on the impacts of the near \$80 billion in funding to improve IRS services and compliance under the Inflation Reduction Act of 2022; the stricter review of existing Employee Retention Credit (ERC) claims by the IRS; and the relief for taxpayers affected by the attacks in Israel, announced by the IRS.

Under the Inflation Reduction Act of 2022, the IRS will receive almost \$80 billion over the next 10 years in funding to improve its services and increase compliance among high-income individuals and large corporations. To that effect, the IRS expanded its in-person services to underserved and rural areas and opened or reopened 50 assistance centers since the Act was passed. Fountain noted that, "The IRS will prioritize its collection efforts on high-income individuals who have unfiled returns or tax liabilities greater than \$250,000." As part of its efforts, the IRS will send compliance alerts to 150 subsidiaries of large foreign corporations, reminding them of their U.S. tax obligations and encouraging self-correction. Additionally, the IRS will start 60 audits of large corporate taxpayers chosen 'using a combination of artificial intelligence and subject matter expertise in areas involving cross-border issues and corporate planning and transactions.'

With a backlog of 800,000 ERC claims (as of May 2023), on September 14, 2023 the IRS announced that it would stop processing new ERC claims until at least December 31, 2023, due to fraudulent claims concerns. Subsequently, the agency unveiled a process allowing businesses to withdraw their ERC claims, assuming employers met four requirements. Eligible withdrawn claims will be treated as if they were never filed and no penalties or interest would be charged. However, Fountain cautioned that "Taxpayers who willfully filed fraudulent claims or aided in such behavior are subject to prosecution even if they withdraw the claim."

Fountain also discussed Notice 2023-71, issued by the IRS to assist taxpayers who were affected by the attacks in Israel, including eligibility criteria and important dates by which affected taxpayers must file affected returns and pay resulting taxes.

For additional details, read the full article here: <https://tinyurl.com/2023TaxReview>