

Tax and Benefits Provisions of the 2010 Health Care Act as Amended by the 2010 Health Care Reconciliation Act

Tax Changes Relating to Universal Health Coverage Mandate continued

Corporate information reporting.

For payments made after Dec. 31, 2011, businesses that pay any amount greater than \$600 during the year to corporate providers of property and services will have to file an information report with each provider and with IRS (Code Sec. 6041(h), as amended by 2010 Health Care Act Sec. 9006). For analysis, see ¶1108 .

Codification of economic substance doctrine and imposition of penalties.

The economic substance doctrine is a judicial doctrine that has been used by the courts to deny tax benefits when the transaction generating these tax benefits lacks economic substance. The courts have not applied the economic substance doctrine uniformly. For transactions entered into after the enactment date of the 2010 Reconciliation Act, and to underpayments, understatements, and refunds and credits attributable to transactions entered into after the enactment date of the 2010 Reconciliation Act, the manner in which the economic substance doctrine should be applied by the courts is clarified and a penalty is imposed on understatements attributable to a transaction lacking economic substance (Code Sec. 6662 , Code Sec. 6662A , Code Sec. 6664 , Code Sec. 6676 , and Code Sec. 7701 , as amended by 2010 Reconciliation Act Sec. 1409). For analysis, see ¶901 .

Elimination of credit for black liquor.

A \$1.01 per gallon tax credit applies for the production of biofuel from cellulosic feedstocks in order to encourage the development of new production capacity for biofuels that are not derived from food source materials. Congress is aware that some taxpayers are seeking to claim the cellulosic biofuel tax credit for unprocessed fuels, such as “black liquor.” For fuel sold or used after Dec. 31, 2009, eligibility for the tax credit under the 2010 Reconciliation Act will be limited to processed fuels (i.e., fuels that could be used in a car engine or in a home heating application) (Code Sec. 40 , as amended by 2010 Reconciliation Act Sec. 1408). For analysis, see ¶1505 .

Estimated taxes for large corporations.

The required corporate estimated tax payments factor for corporations with assets of at least \$1 billion will be increased by 15.75 percentage points for payments due in July, August, and September of 2014 (Code Sec. 6655 , as amended by 2010 Reconciliation Act Sec. 1410). For analysis, see ¶603 .