Legally Sound

Brass Tax

MELIORA LAW

Elect to Save: Understanding New Form 15620 for 83(b) Elections

The IRS recently released Form 15620 (https://www.irs.gov/pub/irs-pdf/f15620.pdf), simplifying the process of making Section 83(b) elections. Previously, taxpayers making an 83(b) election had to submit their own written statement to the IRS, following the guidelines outlined in Rev. Proc. 2012-29.

Form 15620 is a welcome change. It is a standard and straight-forward form that allows taxpayers who receive unvested, restricted property like restricted stock or profits interests as compensation for services to file the 83(b) election and obtain the tax advantages. Because Section 83(b) elections can provide the taxpayer with significant tax savings, the IRS strictly construes the 30 day time-frame and the requirements for making the election.

Having encountered a number of instances where the 30-day window is missed or the 83(b) election does not conform to the Rev. Proc., we are thrilled to see the IRS standardize this process! While taxpayers can still submit their own election form, we would recommend advisors use Form 15620, which provides a standardized template that complies with Section 83(b).

A word of caution: while this new form is very straightforward, the rules governing profits interests and restricted stock can be complicated and you should seek experienced tax counsel to assist you. The tax team at Meliora Law, PLLC has significant experience with these issues- we have worked directly with clients issuing these interests and have collaborated with other corporate or legal advisors to achieve the desired tax consequences.

December 5, 2024

Legally Sound

Brass Tax

MELIORA LAW

About Meliora Law

Meliora Law is a women-owned boutique firm located in New York's Capital District. Our attorneys are experienced in corporate law, transactions, tax, health care, trusts and estates, and not-for-profit law, and are committed to providing exceptional legal services to clients through practical and innovative solutions.

Meliora Law was founded as a response to the changing legal environment and the needs and desires of our clients. Our goal is to build lasting relationships with our clients and deliver services that are reflective of and responsive to client needs and practicalities. Intentionally nimble, we are constantly innovating new ways to better serve clients, including streamlined mechanisms for client communication and project management, the development of alternative fee arrangements and flexible payment models, and a growing array of flat fee packages for legal services.

About the Authors

Erika Wood is a Tax and Corporate attorney and a Founding Member of Meliora Law. Erika advises individuals, for-profit, and non-profit entities on all facets of New York State and federal tax compliance and reporting issues. She assists clients in navigating tax risks, obtaining tax credits and structuring transactions, including tax-free reorganizations. She also represents clients in disputes with the New York State Department of Taxation and Finance and the Internal Revenue Services

Vittoria Buzzelli is a Corporate and Not-for-Profit Attorney at Meliora Law, PLLC. She advises businesses throughout their life cycle, including formation and start-up, mergers and acquisitions, assistance with growth strategies, including equity and debt financing, and wind-down and dissolution. In addition, Tori represents a large number of not-for-profit, religious, and tax-exempt organizations.

For further information, please contact Meliora Law, PLLC at the contact information listed below.

December 5, 2024

Meliora Law, PLLC

(518) 219-6950 | www.meliorafirm.com | www.linkedin.com/company/meliora-law-pllc