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IRS Proposes Change to Section 83(b) Election Requirements

The IRS has issued proposed regulations to eliminate the requirement that a taxpayer include a copy of a Code Section 83(b) election with his or her income tax return for the year of the election. This was done to facilitate e-filings of tax returns that were previously unavailable to taxpayers who made Section 83(b) elections because of the requirement to submit a copy of the election with the return. A taxpayer will still be required to mail a copy of the Section 83(b) election to the IRS within 30 days after making the election, as well as retain a copy of the election in his or her records. If adopted, the change will be effective for stock transferred on or after January 1, 2016, but can be relied upon for stock transferred in 2015.