



National Small Business Week advice from the IRS: Plan now to take advantage of new and existing tax benefits, prepare for reporting changes

Expanded clean energy credits, helping workers pay off student loans, 1099-K rules and more

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WASHINGTON — The Internal Revenue Service today urged business taxpayers to begin planning now to take advantage of tax-saving opportunities and get ready for reporting changes that take effect in 2023.

During [National Small Business Week](#), April 30 to May 6, the IRS is joining the Small Business Administration and others in both the public and private sector to celebrate the hard work, ingenuity and dedication of America's small businesses and their contributions to the economy.

With next year's filing deadline nearly a year away, entrepreneurs still have time to identify possible tax benefits, take action to qualify for them and then claim them when they file in 2024. They also have time to plan for reporting changes and even claim overlooked tax benefits from the recent past.

Cutting energy costs for small businesses

The Inflation Reduction Act (IRA), enacted last summer, includes provisions that can save small business owners money on energy costs. For example:

- Small businesses can receive a tax credit covering 30% of the cost of switching over to low-cost solar power, lowering operating costs and protecting against volatile energy prices.
- Small business building owners can receive a tax credit up to \$5 per square foot to support energy efficiency improvements that deliver lower utility bills.

- Through the [Clean Commercial Vehicle Credit](#), small businesses that use vehicles such as trucks and vans can benefit from tax credits up to 30% of purchase costs for clean commercial vehicles, like electric and fuel cell models that meet applicable requirements. There is no limit on the number of Clean Commercial Vehicle credits a business can claim.

These credits are nonrefundable, so businesses can't get back more on the credit than they owe in taxes.

Employee Retention Credit: Claim it if eligible but avoid ERC scams

Eligible employers who overlooked the Employee Retention Credit (ERC) when they filed payroll tax returns for 2020 and 2021 can still claim it by filing an amended federal payroll tax return.

At the same time, the IRS has warned businesses not to fall victim to one of the many ERC-related scams being promoted online, in social media, on the radio and even phone calls and emails. Anyone who improperly claims the ERC has to pay it back, possibly with penalties and interest, so it's important to avoid getting scammed.

Among other things, scammers misrepresent many features of the ERC and in some cases are merely using the credit as a ploy to steal the taxpayer's identity or take a cut of the taxpayer's improperly claimed credit. Eligible employers who need help claiming the credit should work with a [trusted tax professional](#), not one of these scammers. ERC scams are so widespread this year that the IRS added them to its annual [Dirty Dozen](#) list of tax scams.

The ERC is designed to help employers who kept paying their employees while shut down during the pandemic or who suffered a significant decline in gross receipts during the eligibility period. The ERC is a payroll tax credit, not an income tax credit, and it was available only during 2020 and 2021.

Most eligible employers who overlooked the credit can still claim it by filing [Form 941-X, Adjusted Employer's Quarterly Federal Tax Return or Claim for Refund](#), available on IRS.gov. Form 941-X filers and businesses that file other types of returns can visit [IRS.gov/ERC](#) for details, forms and instructions.

Educational assistance programs can be used to pay student loans

Employers who have educational assistance programs can use them to help pay student loan obligations for their employees.

Though educational assistance programs have been available for many years, the option to use them to pay student loans has been available only for payments made after March 27, 2020, and, under current law, will continue to be available until Dec. 31, 2025.

Traditionally, educational assistance programs have been used to pay for books, equipment, supplies, fees, tuition and other education expenses for the employee. These programs can now also be used to pay principal and interest on an employee's qualified education loans. Payments made directly to the lender, as well as those made to the employee, qualify.

By law, tax-free benefits under an educational assistance program are limited to \$5,250 per employee per year. Normally, assistance provided above that level is taxable as wages.

Employers who don't have an educational assistance program may want to consider setting one up. In a tight labor market, worthwhile fringe benefits such as educational assistance programs can help employers attract and retain good workers.

These programs must be in writing and cannot discriminate in favor of highly compensated employees. For information on other requirements, see [Publication 15-B, Employer's Tax Guide to Fringe Benefits](#). For details on what qualifies as a student loan, see Chapter 10 in [Publication 970, Tax Benefits for Education](#).

More people will receive 1099-Ks

Starting in 2023, businesses and other taxpayers who receive more than \$600 in income from third-party settlement organizations, including popular payment apps, may receive [Forms 1099-K, Payment Card and Third Party Network Transactions](#). Typically, they'll receive these reporting forms during January 2024.

The \$600 reporting threshold is lower than it's been in the past. For that reason, some people and businesses may receive a Form 1099-K that didn't receive one in previous years.

There are no changes to what counts as income or how tax is calculated. For business taxpayers, most income is taxable, even if it's not reported to them on a 1099 or another form issued by a third party.

The 1099-K reports various business transactions, including income from:

- A business the taxpayer owns.
- Self-employment.
- Activities in the gig economy.
- The sale of personal items and assets.

Good recordkeeping is key. For more information, visit the [Understanding Your Form 1099-K](#) page on IRS.gov.

Other tax benefits

From business start-up expenses and the home office deduction to the qualified business income deduction and the health-insurance deduction for self-employed individuals, there are a variety of tax benefits that may be available to entrepreneurs and other business owners.

For details on these and other tax benefits see [Publication 535, Business Expenses](#). Details on another major expense for most businesses, depreciation of buildings, equipment and other assets can be found in [Publication 946, How to Depreciate Property](#).

Yet another worthwhile resource for any small business is the agency's [Publication 334, Tax Guide for Small Business](#). All these publications are available on IRS.gov.

For more information featuring useful tax-related tools and resources to help small business owners, employers and self-employed individuals succeed visit the IRS.gov [Small Business Week webpage](#).

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