

**NIESAR & VESTAL LLP**

**Law Alert**

November 26, 2024

**IRS Creates Standardized Form for Section 83(b) Elections**

On November 7, 2024, the Internal Revenue Service (“IRS”) released [Form 15620](#), which is an approved IRS form for making Internal Revenue Code (“Code”) Section 83(b) elections.

An 83(b) election enables recipients of restricted securities (including stock or LLC interests subject to time vesting requirements) to lower their potential tax burden by paying tax on the total fair market value of the award at the time of issuance. Usually, the fair market value of the securities on the issue date is fairly nominal, or at least far below the value that the recipient expects them to have on the vesting date or dates. Thus, electing to pay the tax at time of grant will avoid an anticipated higher tax payment on the vesting date or dates which may be years later.

Employees and founders must file an 83(b) election form with the IRS within 30 days of the grant in order to get this favorable tax treatment. Traditionally, the IRS has required taxpayers to file a Section 83(b) election by submitting a self-drafted letter that complied with the guidelines set forth in IRS Revenue Procedure 2012-292 or section 1.83-2 of the Treasury regulations. This method posed the risk of an invalid Section 83(b) election if required information was inadvertently omitted.

With the release of Form 15620, taxpayers are no longer responsible for drafting an election form. Although taxpayers may continue to file their own election form and not use Form 15620 if they choose to do so, the introduction of Form 15620 standardizes the process and minimizes the likelihood of errors.

The release of Form 15620 does not alter any of the requirements for filing Section 83(b) elections under section 1.83-2 of the Treasury regulations. In particular, Section 83(b) elections must continue to be filed by mail with the IRS office in which the taxpayer files their tax return within no later than 30 days following the date the option was transferred to the taxpayer. Consistent with existing Code Section 83(b) filing procedures, Form 15620 currently may only be filed via mail, but the IRS is expected to support electronic filing eventually.

If you have questions arising out of Form 15620, please feel free to contact Alan Seher ([aseher@nvlawllp.com](mailto:aseher@nvlawllp.com)) or Carolina Aricu ([caricu@nvlawllp.com](mailto:caricu@nvlawllp.com)).

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