

## Deloitte Tax looks at year-end guidance on Inflation Reduction Act and other significant tax law changes

Recent tax alerts from Deloitte Tax LLP discuss year-end guidance from the Treasury Department and Internal Revenue Service covering issues arising from the Inflation Reduction Act (P.L. 117-169), other significant tax law changes that took effect in 2022 or are scheduled to take effect in 2023, and issues related to the foreign government income exemption and the definition of domestically controlled qualified investment entities.

### Corporate minimum tax

The government announced in Notice 2023-7 that it intends to issue proposed regulations on the 15 percent corporate alternative minimum tax on “applicable financial statement income” that was enacted in the Inflation Reduction Act and is effective for taxable years beginning after December 31, 2022. The notice also provides interim guidance on time-sensitive issues concerning the application of the tax. *Find out more from Deloitte Tax.*

**URL:** <https://www.taxnotes.com/research/federal/irs-guidance/notices/proposed-regs-on-the-corporate-amt-are-forthcoming/7fhfp>

**URL:** [https://dhub.blob.core.windows.net/dhub/Newsletters/Tax/2023/TNV/230106\\_3\\_suppA.pdf](https://dhub.blob.core.windows.net/dhub/Newsletters/Tax/2023/TNV/230106_3_suppA.pdf)

### Excise tax on stock buybacks

The government announced in Notice 2023-2 that it plans to release proposed regulations on the 1 percent excise tax on stock buybacks—another corporate revenue raiser enacted in the Inflation Reduction Act. The new excise tax applies to repurchases of stock after December 31, 2022. The notice includes interim guidance to provide clarity on the calculation of the excise tax and its application to certain transactions and other events that occur before the proposed regulations are issued. *Find out more.*

**URL:** <https://www.taxnotes.com/research/federal/irs-guidance/notices/interim-guidance-issued-for-stock-buyback-tax/7fhfn>

**URL:** [https://dhub.blob.core.windows.net/dhub/Newsletters/Tax/2023/TNV/230106\\_3\\_suppB.pdf](https://dhub.blob.core.windows.net/dhub/Newsletters/Tax/2023/TNV/230106_3_suppB.pdf)

### Mandatory capitalization of research expenditures

The government released Rev. Proc. 2023-11, which modifies and supersedes earlier guidance (Rev. Proc. 2023-8) for taxpayers to make an automatic change in method of accounting for research and experimental expenditures to comply with the mandatory capitalization requirement under section 174, effective for tax years beginning after December 31, 2021. Rev. Proc. 2023-11 removes audit protection for taxpayers that delay making the change to the tax year immediately subsequent to the taxpayer’s first tax year beginning after December 31, 2021. *Find out more.*

**URL:** <https://www.taxnotes.com/research/federal/irs-guidance/revenue-procedures/procedures-updated-for-research%2c-experimental-expense-accounting/7fj0l>

**URL:** <https://www.taxnotes.com/research/federal/irs-guidance/revenue-procedures/procedures-issued-for-research%2c-experimental-expense-accounting/7fgl6>

**URL:** [https://dhub.blob.core.windows.net/dhub/Newsletters/Tax/2023/TNV/230106\\_3\\_suppC.pdf](https://dhub.blob.core.windows.net/dhub/Newsletters/Tax/2023/TNV/230106_3_suppC.pdf)

## Reduced reporting threshold for third-party payment processors

The government announced in Notice 2023-10 that calendar year 2022 will be treated as a transition period with respect to enforcement of the stricter Form 1099-K reporting threshold for third-party settlement organizations that was enacted in the American Rescue Plan Act of 2021 (P.L. 117-2). The stricter threshold as enacted applied to reporting for returns for calendar years after 2021. *Find out more.* (A number of congressional lawmakers in both parties had tried, without success, to include legislative relief from the new reporting threshold in the \$1.7 trillion omnibus appropriations package that President Biden signed into law late last month. See related coverage in this issues for details about the omnibus.)

**URL:** <https://www.irs.gov/pub/irs-drop/n-2023-10.pdf>

**URL:** [https://dhub.blob.core.windows.net/dhub/Newsletters/Tax/2023/TNV/230106\\_3\\_suppD.pdf](https://dhub.blob.core.windows.net/dhub/Newsletters/Tax/2023/TNV/230106_3_suppD.pdf)

## Digital asset information reporting

The government indicated in Announcement 2023-2 that it will delay implementation of digital asset information reporting requirements that were enacted under the Infrastructure Investments and Jobs Act (P.L. 117-58). Under the legislation as enacted, digital assets are treated as covered securities as of January 1, 2023, and reporting requirements apply in 2024 on 2023 activity. *Find out more.*

**URL:** <https://www.irs.gov/pub/irs-drop/a-23-02.pdf>

**URL:** [https://dhub.blob.core.windows.net/dhub/Newsletters/Tax/2023/TNV/230106\\_3\\_suppE.pdf](https://dhub.blob.core.windows.net/dhub/Newsletters/Tax/2023/TNV/230106_3_suppE.pdf)

## Proposed regulations under sections 892 and 897

The government also released proposed regulations under sections 892 (the exemption from US tax for foreign governments and sovereign wealth funds) and 897 (FIRPTA) regarding the treatment of certain entities, including qualified foreign pension funds under section 892 and the determination of whether a qualified investment entity (which includes a real estate investment trust) is “domestically controlled” under section 897(h)(4). *Find out more.*

**URL:** <https://www.govinfo.gov/content/pkg/FR-2022-12-29/pdf/2022-27971.pdf>

**URL:** [https://dhub.blob.core.windows.net/dhub/Newsletters/Tax/2023/TNV/230106\\_3\\_suppF.pdf](https://dhub.blob.core.windows.net/dhub/Newsletters/Tax/2023/TNV/230106_3_suppF.pdf)

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