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IRS Releases Priority Guidance Plan

The IRS has released its [2021-2022 Priority Guidance Plan](#). The US Department of the Treasury (Treasury) and the IRS previously solicited recommendations for items to be included in the priority guidance plan in Notice 2021-28. The 2021-2022 Priority Guidance Plan contains 193 guidance projects that are priorities for allocating Treasury and IRS resources for the period from July 1, 2021 through June 30, 2022. Some projects that were in the 2020-2021 Priority Guidance Plan have not been included in the 2021-2022 Plan because the Treasury and the IRS indicate that they are no longer considered priorities for purposes of allocating resources for the current plan year. Some of the projects that are listed in the plan include those necessary to update regulations to reflect statutory changes made with respect to S corporations, C corporations, IRAs and other tax areas. Other projects of note include issuing: (1) guidance to address mark-to-market accounting under Section 475, (2) guidance with respect to the cure provisions for regulated investment companies and for real estate investment trusts (REIT), (3) guidance clarifying the definition of income for REIT qualification, (4) regulations with respect to Section 1001 and the modification of debt instruments, (5) final regulations with regard to the application of Section 163(j) to partnerships, S corporations and their owners, (6) final regulations addressing adjustments to bases and capital accounts and the tax and book basis of partnership property and (7) regulations under subpart F and regulations addressing the treatment of foreign entities held by domestic partnerships and S corporations.

IRS Releases “Limitation of Exchange Gain or Loss on Payment or Disposition of Debt Instrument” Practice Unit

The IRS has released a practice unit titled “[Limitation of Exchange Gain or Loss on Payment or Disposition of Debt Instrument](#)”. The unit covers basic foreign currency principles related to currency transactions that multinational enterprises may enter and how any exchange rates may impact such entities.

IRS Releases “Section 263A Costs for Self-Constructed Assets” Practice Unit

The IRS has released a practice unit titled “[Section 263A Costs for Self-Constructed Assets](#)”. The practice unit provides guidance for the capitalization of self-constructed assets, which are assets produced and used by the taxpayer and not sold in the regular course of business. Taxpayers are required to capitalize certain costs (e.g., material and labor costs) incurred to produce self-constructed assets. These capitalizable costs fall into three categories: Section 471 costs, additional Section 263A costs and interest costs capitalized under Section 263A(f). The practice unit does not cover self-constructed assets that qualify for the simplified methods.

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