

Tax Insights | July 27, 2022
**Tracking Tax News,
You Need to Know**



U.S. To Terminate Double Tax Treaty With Hungary

The U.S. Treasury Department announced [provisions](#) to terminate a double taxation treaty with Hungary. Termination will be effective on Jan. 8, 2023. With respect to taxes withheld at source, the termination will cease to have an effect on Jan. 1, 2024. The Treasury Department said the benefit of the treaty was no longer reciprocal. Hungary has blocked the European Union's adoption of the 15% global minimum tax that was part of the 2021 global agreement among around 140 countries.

Tax Experts Say Crypto Staking Guidance Needed

Cryptocurrency experts asked for IRS regulations or guidance to address tax considerations for staking, a type of cryptocurrency transaction that has become popular. While the IRS has clarified the tax consequences of "mining" cryptocurrency from the blockchain, or digital ledger, by taxing the proceeds as ordinary income, tax considerations of staking, which is an alternative process to receive rewards from mining, are unclear. Recently proposed [legislation](#) would require the IRS to adopt guidance on various digital asset definitions and transactions, including both mining and staking.

IRS Considers Asking For More Details on Foreign Tax Credit Form

The IRS is considering asking taxpayers to provide more information on their foreign tax credit forms. It will ask for more details on [Form 1118](#) on how companies break down their overhead and stewardship expenses. (See prior [coverage](#)).



[Christopher C. Scarpa](#)

215.564.8106 | cscarpa@stradley.com



[Jin Park](#)

212.812.4140 | jpark@stradley.com