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Tracking Tax News, You Need to Know



Treasury Proposes New Rule on Foreign Tax Credit

The Treasury Department proposed a new [rule](#) to allow companies to ensure their foreign royalty withholding taxes continue to qualify for foreign tax credits. The new rule would also make clear that a country's restrictions on whether taxpayers can recover the costs do not prevent their taxes from being eligible for the credit. Companies have been worried that the previously issued regulations on the foreign tax credit were too restrictive and might cause some of the taxes they pay in other countries to be ineligible for the credit.

IRS Allows Disclosure of Potential Errors Before Audit

The IRS released a [revenue procedure](#) to allow certain large corporations and partnerships to disclose errors on returns prior to an IRS audit to avoid penalties. By doing so, the IRS withdrew and replaced Rev. Proc. 94-69, which allowed large corporate taxpayers subject to continuous examinations to disclose tax adjustments at the beginning of an IRS audit. However, large taxpayers are no longer subject to continuous examinations, and they are selected based on their risk of noncompliance for an audit. The new revenue procedure clarifies that taxpayers subject to audits in the compliance program can disclose potential tax adjustment errors prior to an audit.

AICPA Urges IRS to Expand and Clarify Crypto Rules

The American Institute of CPAs (AICPA) published a [comment letter](#) in which the industry group urged the IRS to further define digital assets and virtual currency and clarify forms. The infrastructure bill broadly defined who a broker is and created a reporting requirement for digital assets that are used in business transactions. The AICPA asked the IRS to provide more guidance to clarify the digital asset definition and what should be reported.



[Christopher C. Scarpa](#)
215.564.8106 | cscarpa@stradley.com



[Jin Park](#)
212.812.4140 | jpark@stradley.com

www.stradley.com | Pennsylvania | Washington, DC | New York | New Jersey | Illinois | Delaware

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