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Tracking Tax News, You Need to Know



IRS Updates Exception for Partnership Foreign Income

The IRS issued draft [instructions](#) on new forms for disclosure of a partnership's foreign income and gave some domestic partnerships a break on the new requirement. The draft instructions on Schedules K-2 and K-3 provide for a domestic filing exception under which partnerships without any foreign activity or foreign partners are exempt from filing the schedules. Schedules K-2 and K-3 provide more detail on partnerships' foreign income than is currently reported on Schedule K-1.

IRS Considering Corporate AMT Impact on Corporate Split-offs

The IRS is considering how to treat gains from corporate [split-off transactions](#) under the new book-income tax regime. Under Section 355 of the Internal Revenue Code, split-offs can qualify for tax-free treatment, but the company's book income increases by the amount of gains, which could be taxable under the 15% minimum tax rule. The IRS and the Treasury Department are working on guidance on issues related to book-income tax, including the treatment of split-off transactions and other corporate reorganizations.

Re-proposed Law on Loss Acquisition Not Imminent

An IRS official said that re-proposed rules that limit losses acquired through a merger to reduce tax liability are not coming soon. The 2017 tax law's loss acquisition [rules](#) were proposed in 2017, and the IRS said in May that it would re-propose the rules, which were criticized by taxpayers. The IRS is considering a wasting asset benefit where a taxpayer can treat income thrown off by an asset as a built-in item that increases Section 382 limitations.



[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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