

Tax Insights | May 17, 2023
**Tracking Tax News,
You Need to Know**



Treasury and IRS to Issue Regulations on Certain Guarantee Funds

The Treasury Department and the IRS intend to issue proposed [regulations](#) with an exception to the arbitrage investment restrictions for tax-exempt bonds. The proposed rules will amend the restriction that requires issuers with proceeds of tax-exempt bonds that exceed certain investment limits to rebate the excess earning above the threshold. Notice 2023-39 said that the rules would clarify that certain perpetual trust funds will be treated as replacement proceeds of the guaranteed bonds for purposes of the arbitrage investment restrictions on tax-exempt bonds.

IRS Issues Proposed Regulations for Life Insurance Contracts

The IRS issued proposed [regulations](#) to amend final rules on life insurance transactions and the exchange of life insurance policies. The proposed regulations will amend the current rules regarding the inclusion of death benefits in gross income and information reporting requirements for life insurance policies. Under the proposed regulations, the definition of a transfer of interest in a life insurance contract would be revised to exclude the issuance of a life insurance contract to a policyholder without qualification.

Treasury Considers More Guidance on Book Minimum Tax

The Treasury Department is considering more subcategory guidance on the new corporate alternative minimum tax in addition to proposed [regulations](#). The corporate alternative minimum tax was included as part of the Inflation Reduction Act, imposing a 15% tax on companies with a three-year average book income of over \$1 billion.



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