

Tax Insights | November 29, 2023

## Tracking Tax News You Need to Know



### IRS Releases Proposed Rules on Partnership Transactions with Related Persons

The IRS [proposed new rules](#) on Nov. 24 on the restriction of tax benefits for transactions between partnerships and related persons. The proposed regulations would amend the prohibitions on certain loss claims, gain recharacterizations and the matching rule. Under the new rules, partnerships would not be able to claim losses on deals with related persons as defined in the tax code. The proposed rules would affect partnerships that enter into transactions with related persons that result in gain or loss on a sale or exchange of property.

### Interest Groups Protest Income Tax Accounting Disclosures

Business groups asked the Financial Accounting Standards Board (FASB) in a Nov. 17 letter to [delay forthcoming accounting rules](#) requiring companies to disclose new details about their income taxes. The FASB was accused of failing to follow its due process in crafting the new rules and not conducting a proper cost-benefit analysis. In the letter, the groups — including the Business Roundtable, Managed Funds Association, National Association of Manufacturers, National Foreign Trade Council and U.S. Chamber of Commerce — attempted to prevent FASB's effort to make companies disclose more about their tax obligations.

### Pennsylvania Supreme Court Sides with Philadelphia in Wage Tax Case

Pennsylvania's highest court on Nov. 22 [rejected a Philadelphia resident's argument](#) that the city of Philadelphia must refund city and state income taxes the resident paid while she was working in Delaware. In *Zilka v. Tax Review Board City of Philadelphia*, the Supreme Court said state and local taxes do not need to be aggregated when conducting a dormant commerce clause analysis. The resident lived in Philadelphia while working in Wilmington, Delaware, and sought a refund under the Philadelphia wage tax for income taxes paid to Delaware for tax years 2013 through 2016.



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