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## AICPA Requests Clarification on Virtual Currency Guidance

The American Institute of CPAs (AICPA) submitted comments (<https://www.aicpa.org/content/dam/aicpa/advocacy/tax/downloadabledocuments/20200228-aicpa-letter-on-irs-virtual-currency-guidance.pdf>) to the IRS requesting further guidance on the taxation of virtual currency under Revenue Ruling 2019-24 (<https://www.irs.gov/pub/irs-drop/rr-19-24.pdf>). (See our prior coverage here (<https://www.stradley.com/insights/publications/2019/10/tax-insights-october-16-2019>.)

The comment letter requests further guidance on chain splits, hard forks and airdrops, specifically certain chain splits that occurred between 2016-2018. The letter also recommends that the IRS provide filing relief for taxpayers that inadvertently fail to comply with the Schedule 1 Form 1040 filing requirement, and that the IRS issue proposed regulations or modify the FAQs available on its website.

## SIFMA Requests Clarification on Proposed Foreign Tax Credit Regulations

The Securities Industry and Financial Markets Association (SIFMA) submitted comments (<https://www.sifma.org/resources/submissions/proposed-foreign-tax-credit-regulations/>) to the IRS requesting further guidance on the proposed foreign tax credit regulations issued on Nov. 28, 2019. (See our prior coverage here (<https://www.stradley.com/insights/publications/2019/12/tax-insights-december-26-2019>.) This letter addresses three main topics (i) the proposed changes to the definition of “financial services entity” (FSE) and “financial services group” (FSG) for purposes of Section 904(d)(2)(D); (ii) the proposed rule that would disallow credits for certain foreign taxes on disregarded income, by allocating those taxes to the residual category; and (iii) redeterminations of foreign taxes relating to periods prior to the entry into force of the Tax Cuts and Jobs Act of 2017 (TCJA). (All Section references are to the Internal Revenue Code of 1986, as amended.)

## IRS Issues Guidance Exempting Certain Interests in Foreign Trusts From Information Reporting

The IRS, in Revenue Procedure 2020-17 (<https://www.irs.gov/pub/irs-drop/rp-20-17.pdf>), issued guidance that provides an exemption from information reporting under Section 6048 for certain U.S. individuals with respect to transactions with or ownership in certain foreign trusts. The revenue procedure applies to certain foreign trusts that are “subject to written restrictions, such as contribution limitations, conditions for withdrawal, and information reporting, which are imposed under the laws of the country in which the trust is established.” The guidance reasons that U.S. individuals may be required to report information about interests in these trusts under Section 6038D and so reporting under Section 6048 would be unnecessary. The revenue procedure also sets forth procedures for eligible individuals to request penalty abatement.

## IRS Updates FATCA FAQs to Extend Relief to 2019 for Certain Dividend Equivalent Payments

The IRS has updated the Foreign Account Tax Compliance Act (FATCA) frequently asked questions (FAQs) section of its website (<https://www.irs.gov/businesses/corporations/frequently-asked-questions-faqs-fatca-compliance-legal>) regarding the withholding and reporting requirements on dividend equivalent payments made with respect to a derivative referencing a partnership. The FAQ has been updated to indicate that a withholding agent will not be subject to interest, penalties, or additions to tax with respect to a dividend equivalent payment made with respect to a derivative referencing a partnership provided that the withholding agent withholds and reports on Form 1042 and Form 1042-S with respect to the payment by Sept. 15, 2020 (for the 2019 calendar year reporting).