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Tracking Tax News, You Need to Know



IRS Updates Bridge Phase of Compliance Assurance Process Program

The IRS has [updated](#) the Bridge phase of the Compliance Assurance Process, a voluntary pre-filing program for large corporate taxpayers. The Bridge phase is reserved for taxpayers for whom the IRS compliance resources may not be needed. The IRS has developed a new pilot phase, Bridge Plus, that requires taxpayers to provide book-to-tax reconciliations, credit utilization and other supporting documentation after their audited financial statement is finalized.

IRS Guidance May Help Crypto Investors Facing Losses

The IRS is considering issuing broader guidance for investors claiming losses from cryptocurrency investment. If taxpayers have facts similar to those at issue in a recent chief counsel advice on [crypto](#) loss claims, they will be considered but are not necessarily dispositive. For example, the IRS would consider if the crypto is no longer traded on an exchange or the taxpayer is locked out of accessing the currency due to bankruptcy.

Tax Court Finds Nonresident May Owe Inventory Taxes on Partnership Interest Sale

A foreigner who lives outside the U.S. and sells a U.S. partnership interest may owe U.S. taxes on proceeds from inventory that was included in the interest, the Tax Court [ruled](#). The court addressed whether a foreign partner might avoid U.S. tax on the compensation for the value of inventory within the partnership interest sold. Generally, income for a nonresident from selling a partnership interest is sourced outside the U.S. under Section 865(a)(2). However, the court held that the gain from inventory within the partnership interest fell under an exception to that general rule under Sections 741 and 751 for proceeds attributable to inventory items of the partnership.



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