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## IRS Issues Proposed Revenue Procedure on Adoption of New Accounting Standards

The IRS issued, via Notice 2017-17, 2017-15 IRB (<https://www.irs.gov/pub/irs-drop/n-17-17.pdf>), a proposed revenue procedure for public comment, which is intended to address situations where a change in accounting method is sought in the year of adoption of new financial revenue recognition standards that were issued by FASB in 2014, and will be applicable to some entities for annual reporting periods beginning after Dec. 15. Comments must be submitted by July 24, 2017.

## IRS Announces It Will Enforce Prohibited Transaction Rules Consistent With Fiduciary Duty Rule Enforcement

In Announcement 2017-4, 2017-16 IRB (<https://www.irs.gov/pub/irs-drop/a-17-04.pdf>), the IRS provided relief from the retirement plan-prohibited transaction taxes under Section 4975 (section references are to the Internal Revenue Code of 1986, as amended) and any related reporting requirements, to conform to the temporary enforcement policy described by the Department of Labor with respect to the fiduciary duty rule. See Stradley's prior coverage here (<http://www.stradley.com/insights/publications/2017/03/im-briefing-march-28-2017>).

## Politically Active Organization Denied Exempt Status

In Private Letter Ruling 201712015 (<https://www.irs.gov/pub/irs-wd/201712015.pdf>), the IRS denied tax-exempt status under Section 501(c)(3) to an organization formed to educate the community about current civic issues because its invitations to political candidates to speak, website links to political candidates and get-out-the-vote drives were political campaign intervention favoring particular candidates.

## Canadian Registered Charities Are Not Subject to IRS Foreign Charity Anti-terrorism Procedures

The IRS's Tax Exempt and Government Entities Division has issued an internal memo (<https://www.irs.gov/pub/foia/ig/spder/tege-07-0317-0011.pdf>) that informs its employees involved in exempt organization rulings that they are not required to follow IRS anti-terrorism procedures when charities registered by the Canada Revenue Agency request a ruling on foundation status.

## Investors and Bankers Seek Extended Deadline for QI Applications

The Investment Industry Association of Canada (<http://iiac.ca/wp-content/uploads/IIAC-Letter-to-IRS-Calling-for-an-Extension-of-the-QI-and-QDD-Renewal-and-Application-Deadline.pdf>) and the British Bankers' Association (<http://www.stradley.com/~media/Files/Publications/2017/04/BBA.pdf>) have requested an extension of time for financial institutions to renew qualified intermediary (QI) agreements and apply for QI and qualified derivatives dealer status beyond the

March 31 deadline, or at least provide for a “best efforts” transitional period.

### American College of Tax Counsel Seeks Clarification of 2-for-1 Executive Order

The American College of Tax Counsel (<http://www.stradley.com/~media/Files/Publications/2017/04/Tax%20Counsel.pdf>) has expressed concerns about the 2-for-1 executive order on regulations, asking the Trump administration to clarify the order to exclude interpretive regulations and give Treasury and the IRS flexibility to issue guidance that taxpayers and their advisers need to comply with the tax law.

### NYSBA Members Submit Report on Proposed Fractions Rule Regulations

The New York State Bar Association Tax Section has submitted a report ([http://www.nysba.org/Sections/Tax/Tax\\_Section\\_Reports/Tax\\_Reports\\_2017/Tax\\_Section\\_Report\\_1368.html](http://www.nysba.org/Sections/Tax/Tax_Section_Reports/Tax_Reports_2017/Tax_Section_Report_1368.html)) on proposed regulations (REG-136978-12) on the fractions rule of Section 514(c)(9)(E) (i)(I). (See our coverage of the proposed regulations here (<http://www.stradley.com/insights/publications/2016/tax-insights-2016-insights-november-30-2016>.) The report calls the regulations a welcome attempt to improve the existing regulations, but offers suggestions to increase their usefulness without undermining their effectiveness. Section members think the current fractions rule regulations are complex, unclear and overbroad, and thus create obstacles for standard commercial transactions on a routine basis.



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### Delaware Governor’s Budget Proposals Impact Franchise Tax

On March 23, Governor John Carney announced budget proposals (<http://news.delaware.gov/2017/03/23/governor-carney-presents-budget-reset-plan-for-fiscal-year-2018/>) for fiscal year 2018 that, if enacted, would: (1) create a second tier maximum tax at \$250,000 for public companies with “greater than \$750 million in revenue or assets and no less than \$250 million in revenue or assets”; (2) increase the first tier maximum tax to \$200,000 from \$180,000; and (3) make inflationary adjustments to filing fees. The measures are proposed to be effective Jan. 1, 2017.

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