

Tax Insights | April 27, 2022
**Tracking Tax News,
You Need to Know**



IRS Requests Comments on Mutual Funds Excise Tax

The IRS has [requested](#) comments on Form 8613, Return of Excise Tax on Undistributed Income of Regulated Investment Companies, which is used by regulated investment companies to compute and pay the excise tax on undistributed income imposed under Section 4982. (Section references are to the Internal Revenue Code of 1986, as amended.) The IRS uses the information to verify that the correct amount of tax has been reported. Comments are due on or before June 21, 2022.

New York Court Holds Sale of Minority Interest Is NYC Source Income

The New York Supreme Court [upheld](#) the New York City Tax Appeals Tribunal's decision that the taxpayer, a Delaware corporation, had nexus with New York City and owed general corporation tax on capital gains from the sale of its minority interest in a limited liability company that was taxed as a partnership and conducting business in NYC. The court determined that the LLC's business activity in the city created nexus between the taxpayer's capital gain and the city.

NYSBA Recommends Guidance on Crypto Assets

New York State Bar Association (NYSBA) released a [comment letter](#) to the Treasury Department requesting guidance with respect to matters relating to the tax treatment of cryptocurrency and other fungible digital assets. NYSBA asked the government to issue guidance on the following subjects: (1) the general characterization of cryptocurrency for federal income tax purposes as commodities, securities or a type of asset class that is neither commodities nor securities; (2) the application of the commodities trading safe harbors under Section 864(b)(2)(B) to cryptocurrency; (3) the application of the straddle rules of Section 1092 to fungible digital assets; (4) the application of the mark-to-market provisions of Section 475(e) and 475(f) for commodities dealers and traders to cryptocurrency; (5) the recognition of gain or loss on lending cryptocurrency; (6) the federal income tax characterization of certain U.S.-dollar pegged stablecoins; (7) the federal income tax treatment of "wrapped" cryptocurrency; and (8) the federal income tax treatment of staking rewards received in respect of proof-of-stake cryptocurrency.



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