

Tax Insights | [October 5, 2022](#)  
**Tracking Tax News,  
You Need to Know**



### **Treasury Rule Forces Companies To Disclose Beneficial Owners**

The U.S. Treasury Department released a new disclosure [rule](#) that would force U.S. and foreign companies to disclose the identities of their owners and other basic information about them to the U.S. government, starting in 2024. The disclosure of such information will help governments investigate shell companies' illegal activities such as corruption, drug trafficking, money laundering and other crimes. About 32 million corporations and limited liability companies will be subject to the new requirements, while a variety of companies, including U.S. publicly-traded companies and others that report to the Securities and Exchange Commission, would be exempt.

### **Justice Department Defends Broad IRS Power To Impose Penalty on Foreign Account**

The Justice Department [urged](#) the U.S. Supreme Court to endorse the IRS's power to impose penalties on each foreign account that U.S. residents non-willfully fail to report. The Justice Department's position defends the IRS's ability to impose the penalties each year on a per-account basis for non-willful failures to report foreign bank and financial accounts through annual Foreign Bank and Financial Accounts forms. In the filing, the IRS argued that the Bank Secrecy Act imposes a penalty of up to \$10,000 on every foreign account an individual has that they do not report to the IRS, noting that the text of the act treats each foreign account as a separate violation.

### **Trade Group Urges Treasury To Delay Foreign Tax Credit Rules**

The National Foreign Trade Council [urged](#) the Treasury Department to delay the effective date of the foreign tax credit regulations due to difficulty in complying and lack of clarity of the rules. The rules, which were issued last December, tighten the standards under which companies can apply foreign tax payments to their U.S. tax bills. Companies have complained that the rules are too restrictive and cause some foreign taxes to make them ineligible for the credit. (See prior [coverage](#)).



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