

Tax Insights | [March 29, 2023](#)

## Tracking Tax News, You Need to Know



### **Asset Management Industry Group Demands Preferred Stock Be Excluded From Excise Tax**

The Securities Industry and Financial Markets Association (SIFMA) sent a [comment letter](#) to the Treasury Department and IRS, recommending the IRS modify the guidance it released so that the excise tax on stock buybacks does not apply to redemptions of preferred stock that qualified as Additional Tier 1 capital. Additional Tier 1 capital refers to money raised through the use of preferred stock or specific types of bonds. SIFMA also recommended that the issuance of preferred stock be excluded from the netting rule.

### **Lawmakers Try To Protect Stepped-up Basis Tax Rule**

A bipartisan group of lawmakers introduced a [resolution](#) to support the preservation of a tax provision that reduces the capital gains tax on inherited property. The stepped-up basis tax rule allows an heir to avoid capital gains taxes on the increase in the value of the inherited asset. President Biden's budget request included changes that would tighten loopholes related to the stepped-up basis rule.

### **Trade Group Says Funding Rule on Excise Tax Needs Modification**

The National Foreign Trade Council said in a [comment letter](#) that the IRS and the Treasury Department should make adjustments to the funding rule proposed in a notice on the 1% excise tax on stock repurchases. Notice 2023-2 expands the reach of the excise tax to include foreign stock repurchases that are indirectly funded by the U.S. subsidiaries. The industry group recommends eliminating the funding rule because it is beyond the intended scope of the law.



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