

Tax Insights | May 11, 2023
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You Need to Know**



IRS Proposes Rules on Intellectual Property Repatriations

The IRS released [rules](#) on intangible property repatriations in which companies bring intellectual property to the U.S. The proposed rules would turn off the application of Section 367(d) in certain cases to help avoid excessive U.S. taxation on income related to the repatriated intangible property. In certain cases, the existing 367(d) rules “can inappropriately require the U.S. transferor to continue recognizing an annual section 367(d) inclusion even if the subsequent transfer is to a related U.S. person that will recognize the income derived from the intangible property,” the IRS said in the proposed regulation.

Proposed Regs Would Amend Outbound Intangible Transfer Rules

The IRS issued proposed [regulations](#) to terminate the application for the outbound transfer of intangible property rules. The proposed regs affect certain U.S. persons and entities that previously transferred intangible property to a foreign corporation. The proposed regs would terminate the continued application of the outbound intangible transfer rules when a foreign corporation transferee repatriates intangible property to a qualified domestic person and the original U.S. transferor reports certain information about the transfer to the IRS.

IRS Will Fix Lag Method Issue for FATCA Withholding

An IRS official said that the IRS would rectify the issue of notices sent to partnerships and trusts using the lag method described in proposed [regulations](#) under the Foreign Account Tax Compliance Act (FATCA). FATCA is a reporting regime requiring international financial institutions to report offshore assets of U.S. account holders. The lag method refers to a reporting regime in the proposed regulations in which a partnership will report any withholding on Form 1042 that it made but did not distribute to partners for the next year rather than for the current calendar year.



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