

Tax Insights | July 6, 2023
**Tracking Tax News,
You Need to Know**



Supreme Court To Review Foreign Earnings Tax Case

The U.S. Supreme Court [agreed](#) to hear a tax case over foreign earnings that has raised concerns about the limits to Congress' taxing powers. Section 965 was designed to ensure that foreign earnings didn't permanently escape U.S. taxation. Section 965 treated foreign corporate earnings of U.S. shareholders from 1987 to 2017 as if they had been repatriated back to the U.S. The taxpayers in the case seek a refund through the challenge to the tax.

IRS Issues Guidance on LIBOR Replacement

The IRS issued [guidance](#) on the transition from interbank offer rates to other reference rates, providing a replacement rate for taxpayers. The IRS said taxpayers could use a one-month secured overnight rate plus a static spread adjustment as a replacement rate. The rate is used to determine the amount of interest expense allocable to effectively connected income to a U.S. trade or business.

Stock Buyback Excise Tax Reporting Not Required Yet

The IRS [announced](#) that companies would not be required to report or make payments on the stock buyback tax prior to the date specified in the upcoming proposed rules. The Inflation Reduction Act includes a 1% excise tax on corporate stock repurchases made after Dec. 31, 2022. There will be no additional tax for companies that fail to file a return reporting the tax or fail to pay the tax before the time outlined in the regulations.



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