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Tracking Tax News You Need to Know



IRS, Treasury Provide Clarification on Foreign Tax Credits and Minimum Tax

The Internal Revenue Service (IRS) and the U.S. Department of the Treasury issued [guidance](#) December 11 on the interplay between foreign tax credits and the 15 percent global minimum tax. According to the guidance, certain foreign taxes imposed under the pending global minimum tax will be eligible for foreign tax credits. Still, it will depend on exactly what kinds of taxes and taxpayers are involved. Taxes imposed under Pillar Two of the Organisation for Economic Co-operation and Development's global tax agreement would generally not be eligible for the foreign tax credit.

IRS, Treasury Issue Guidance on Book Minimum Tax Double-Counting

The Internal Revenue Service (IRS) and the U.S. Department of the Treasury issued [additional interim guidance](#) December 15 on how to address the possibility that a taxpayer's income could be double-counted in determining its liability under the new book-income minimum tax. Existing rules call for a taxpayer's income subject to the corporate alternative minimum tax (CAMT) to include both dividends received from a controlled foreign corporation (CFC) and its pro rata share of the CFC's net income. The guidance will allow taxpayers to disregard some of the impact that foreign affiliates' dividend payments have on their income when taxpayers determine their liability under the CAMT.

Pennsylvania Supreme Court Won't Review Hospitals' Denied Tax Exemptions

On December 5, Pennsylvania's highest court denied [appeals](#) filed by a trio of hospitals in Chester County over a case, *Phoenixville Hospital v. County of Chester Board of Assessment Appeals*, involving management fees and executive salaries paid. The justices denied the appeals filed by Phoenixville Hospital, Jennersville Hospital and Brandywine Hospital — previously or currently owned by Tower Health — stating that the hospitals had not shown a lack of profit motive given that they paid millions in management fees to Tower Health. The [lower courts ruled](#) that the limited liability companies operating the hospitals of Tower Health failed to qualify for tax exemptions typically reserved for nonprofits.



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