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US Chamber of Commerce Submits List of Regs in Response to Executive Order

The U.S. Chamber of Commerce submitted a list (http://www.stradley.com/~/media/Files/Publications/2017/05/PDF%20for%20Tax%20Insights%20May%2024%202017.pdf) of regulations in response to Executive Order 13789 (https://www.gpo.gov/fdsys/pkg/FR-2017-04-26/pdf/2017-08586.pdf) that was aimed at identifying "all significant tax regulations issued by the Department of the Treasury on or after January 1, 2016, that (i) impose an undue financial burden on U.S. taxpayers; (ii) add undue complexity to the Federal tax laws; or (iii) exceed the statutory authority of the IRS." The list submitted by the Chamber includes regulations issued under Section 355 (REG-134016-15) and Section 871(m) (T.D.9815), among others. (Section references are to the Internal Revenue Code of 1986, as amended.)

IRS Revokes Prior CLN Ruling Issued to a RIC

In private letter ruling 201719021 (https://www.irs.gov/pub/irs-wd/201719021.pdf), the IRS revoked another previous ruling (LTR 200637018) that income and gains derived by a RIC from a commodities-linked note constitute qualifying income under Section 851(b)(2), but limited the retroactive effect of the revocation under Section 7805(b). See our prior coverage of similar revocations here (http://www.stradley.com/insights/publications/2017/05/tax-insights-may-3-2017) and here (http://www.stradley.com/insights/publications/2017/05/tax-insights-may-10-2017).

Tax Policy Center Analyzes Proposals to Cut Taxes on Pass-throughs

The Tax Policy Center (TPC) released its analysis (http://www.taxpolicycenter.org/sites/default/files/publication/141541/options-to-reduce-the-taxation-of-pass-through-income.pdf) of the developing proposals that would reduce the individual income tax rate on income earned through pass-through entities. TPC found that applying a 15 percent rate to a broad definition of pass-through income would reduce federal tax revenue by $1.36 trillion over the next 10 years. However, a 25 percent rate on a narrow definition of pass-through income would result in a 10-year revenue loss of about $390 billion.

Delaware Bill to Raise Corporate Franchise Tax Likely Will Advance

The Delaware House approved a bill (H.B. 175 (https://legis.delaware.gov/BillDetail?LegislationId=25780)) increasing taxes for large corporations. The bipartisan proposal would create a new tax bracket that would require the largest corporations in Delaware to pay a new top rate with a maximum of $250,000 each year; the current maximum is $180,000. Large corporations subject to the $250,000 tax include those corporations with both (a) consolidated annual gross revenues equal to or greater than $750 million or consolidated assets equal to or greater than $750 million and (b) consolidated annual gross revenues not less than $250 million and consolidated assets not less than $250 million. The bill would also increase the penalties for late filing and the fees for filing records with the state, and increase the assumed par value multiplier for calculation of the corporate franchise tax from $350 to $400 for each $1 million in par value capital. The bill is expected to have support from both Republican and Democratic Senate members.

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