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## IRS Extends Timeframe for Private Activity Bond Approval via Teleconference

The IRS, in [Rev. Proc. 2021-39](#), has extended the time period during which certain telephonic hearings for private activity bonds are permitted to March 31, 2022. (See our prior coverage [here](#).) In Rev. Proc. 2020-21 (as modified by Rev. Proc. 2020-49), the IRS, due to COVID-19 restrictions, stated that the requirement for public approval of the issuance of tax-exempt qualified private activity bonds under Section 147 may be met, temporarily, via a teleconference. (Section references are to the Internal Revenue Code of 1986, as amended.) Rev. Proc. 2021-39 now extends the timeframe through which public approval is permitted via teleconference to March 31, 2022.

## IRS Modifies Interim Amendment Deadline for Qualified Pre-Approved Plans

The IRS, in [Rev. Proc. 2021-38](#), has modified the interim amendment deadline for a qualified pre-approved plan under Section 401(a) to be consistent with the deadline for adopting an interim amendment for a Section 403(b) pre-approved plan. The Rev. Proc. provides that an interim amendment made to a qualified pre-approved plan is considered timely if the amendment is adopted by the end of the second calendar year after the calendar year in which the change in qualification requirements is effective with respect to the plan. Thus, the interim amendment deadline is no longer determined with reference to Section 401(b), and an employer's tax-filing deadline is no longer relevant for purposes of the interim amendment deadline.

## IRS Releases Practice Unit on Foreign Tax Credit General Principles

The IRS has released a [practice unit](#) on the general principles of the foreign tax credit with respect to corporations. The practice unit covers the changes made to the foreign tax credit as a result of the 2017 Tax Cuts and Jobs Act (TCJA). In general, a corporation may take a credit for the foreign taxes it pays; however, the credit is limited to an amount equal to the pre-credit U.S. tax on the taxpayer's foreign source income. The practice unit discusses the basic concept of the foreign tax credit, domestic corporations that are eligible to take it, the types of taxes that qualify and various other changes made to the foreign tax credit regime as a result of the TCJA.

## Illinois Enacts Pass-Through Entity Tax

Illinois has [enacted](#) an elective entity level tax on certain pass-through entities. The law, which is effective for tax years ending on or after Dec. 31, 2021, permits partnerships and S-corporations to pay an entity-level tax computed by multiplying the share of business income apportionable to Illinois and nonbusiness income allocated to Illinois that is distributable to each partner or shareholder and multiplied by the applicable rates of tax for that partner or shareholder. Generally, such tax may then be taken as a deduction by the partners or shareholders on their federal income tax return.

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