

Tax Insights | April 5, 2023
**Tracking Tax News,
You Need to Know**



Supreme Court Justices Review Need to Limit IRS Power to Demand Bank Records

U.S. Supreme Court justices acknowledged a statute that allows the IRS's power to seek bank account holders' records without the holder's knowledge but expressed concerns about abuse. In [Polselli v. IRS](#), the IRS's efforts to collect taxes that have been already assessed are at issue, where account holders in the case are seeking a ruling that the IRS has to give notice unless the taxpayer who owes the liabilities has a legal interest in the targeted accounts. The IRS opposes the restriction, arguing that giving account holders notice and a chance to litigate would give delinquent taxpayers a head start in hiding assets.

IRS Rejects Certain Trust Assets' Eligibility for Stepped-Up Basis

The IRS released [guidance](#) clarifying that a stepped-up basis generally does not apply for assets in grantor trusts that are outside the owner's estate for estate tax purposes. Revenue Ruling 2023-02 comes after a project on the topic had been added to the IRS's priority guidance plan in November 2022.

FASB to Fix Bank Loan Loss Double Count

The Financial Accounting Standards Board [voted](#) to release for public comment a proposal to fix an accounting rule that has been forcing banks to double count loan losses when buying or merging with another bank. The FASB proposal would erase the accounting distinction between acquiring healthy loans instead of loans with missed payments. Banks have complained that the current accounting rule is counterintuitive, causing more losses when buying performing loans than loans that are deteriorating.



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