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Tracking Tax News, You Need to Know



IRS Says Liability Insurance Payouts Do Not Endanger REIT Status

The IRS [said](#) real estate investment trusts (REITs) shouldn't have their status as REITs revoked by the payment of liability insurance proceeds to cover the costs of a legal settlement. In two private letter rulings, the IRS said that REITs do not have to count as gross income any proceeds from their directors and officers insurance to cover settlement costs. The percentages of real estate-related income required for REITs to maintain their status would be harder to reach if proceeds from such insurance had to be counted as income.

IRS Revises Partnership Sale Broker Withholding Instructions

The IRS [revised](#) its instructions for brokers' withholding on sales of partnership interests. Per the revised instructions, brokers must issue a separate Form 1042-S for each publicly traded partnership. The revision applies to Section 1446(a) or (f) withholding except when withholding agents report publicly traded partnership distributions paid to qualified intermediaries using reporting pools or the withholding agent is itself a qualified intermediary in that position.

Business Group Tells IRS To Extend Use of Old Foreign Tax Credit Rules

The Silicon Valley Tax Directors Group [asked](#) the IRS to extend its temporary move to mostly allow companies to rely on the more corporate-friendly older rules for the foreign tax credit while it considers changes to its controversial new rules. The IRS announced its temporary relief in July after companies complained that the new rules were too strict. Companies can use the previous rules on the foreign tax credit for tax years 2022 and 2023, with some exceptions.



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