

Deloitte Tax looks at expanded guidance on wash sale relief for redemptions of shares in money market funds

The Treasury Department and the Internal Revenue Service released new guidance, Rev. Proc. 2023-35, on September 29 which provides that the IRS will not treat a redemption of shares in a money market fund (MMF) as part of a wash sale for purposes of section 1091(a).

[URL: https://www.taxnotes.com/research/federal/irs-guidance/revenue-procedures/irs-expands-guidance-on-wash-sale-rules-for-money-market/7hdn3](https://www.taxnotes.com/research/federal/irs-guidance/revenue-procedures/irs-expands-guidance-on-wash-sale-rules-for-money-market/7hdn3)

[URL: https://www.taxnotes.com/research/federal/usc26/1091/cqq5-0000002](https://www.taxnotes.com/research/federal/usc26/1091/cqq5-0000002)

Specifically, Rev. Proc. 2023-35 extends wash sale relief to redemptions of shares in MMFs that maintain fixed share prices but impose liquidity fees on shareholder redemptions. The new guidance amplifies and supersedes Rev. Proc. 2014-45, which exempted losses on floating-net asset value MMF shares from the wash sale rule. The IRS issued Rev. Proc. 2023-35 in response to final rules adopted by the Securities and Exchange Commission on July 12 of this year, which amended Rule 2a-7 under the Investment Company Act of 1940 to expand the circumstances in which an MMF may (or may be required to) impose a liquidity fee on redeeming shareholders.

[URL: https://www.taxnotes.com/research/federal/irs-guidance/revenue-procedures/irs-issues-guidance-on-wash-sale-rules-for-money-market/dpnk](https://www.taxnotes.com/research/federal/irs-guidance/revenue-procedures/irs-issues-guidance-on-wash-sale-rules-for-money-market/dpnk)

The new guidance is effective for redemptions of shares in MMFs after October 2, 2023.

Find out more

A new alert from Deloitte Tax LLP provides an overview of Rev. Proc. 2023-35.

[URL: https://dhub.deloitte.com/Newsletters/Tax/2023/TNV/231117_2_supplA.pdf](https://dhub.deloitte.com/Newsletters/Tax/2023/TNV/231117_2_supplA.pdf)

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