

Deloitte Tax looks at more year-end guidance from Treasury, IRS

New alerts from Deloitte Tax LLP discuss guidance from the Treasury Department and the Internal Revenue Service issued late last year on the conclusive presumption of worthlessness for debt held by regulated financial companies under section 166 and the treatment of certain basis adjustments under section 961(c), as well as recently released draft instructions for taxpayers requesting a Form W-9.

Worthless debt held by regulated financial companies

Proposed regulations (REG-121010-17) published in the Federal Register on December 28, 2023, revise the circumstances in which indebtedness is conclusively presumed to be worthless to the extent of a charge-off on an applicable financial statement. The conclusive presumption of worthlessness applies in determining a taxpayer's eligibility to claim a bad debt deduction under section 166. The proposed regulations apply to certain regulated financial companies and other members of certain regulated financial groups.

URL: <https://www.taxnotes.com/research/federal/proposed-regulations/proposed-regs-address-bad-debt-deductions-financial-companies/7hqbq>

Eligible companies may choose to apply the proposed regulations to claim bad debt deductions in taxable years ending on or after December 28, 2023; however, a taxpayer must obtain IRS consent to change to the method of accounting for bad debts provided by the proposed regulations before using this method.

A new alert from Deloitte Tax provides an overview of the proposed regulations.

URL: https://dhub.deloitte.com/Newsletters/Tax/2024/TNV/240119_2_suppl.pdf

Section 961(c) basis adjustments

The Treasury Department and the Internal Revenue Service released Notice 2024-16 on December 28, 2023, announcing their intention to issue proposed regulations that address the treatment of basis adjustments made pursuant to section 961(c) in certain transactions in which a domestic corporation acquires the stock of a controlled foreign corporation (CFC) from another CFC in a liquidation to which section 332 applies, or in an asset reorganization described in section 368(a)(1).

URL: <https://www.irs.gov/pub/irs-drop/n-24-16.pdf>

A new alert from Deloitte Tax provides a general summary of the notice.

URL: <https://www2.deloitte.com/content/dam/Deloitte/us/Documents/Tax/dttl-tax-alert-us-12-january-2024.pdf>

Draft Form W-9 requester instructions

The government released a draft of updated Instructions for the Requester of Form W-9 on December 21, 2023. These instructions clarify the requirements for new Line 3b included in the draft Form W-9, Request for Taxpayer Identification Number and Certification, published on July 26, 2023, and provide guidance on Line 3a and other updates related to section 1446.

URL: <https://www.irs.gov/pub/irs-dft/iw9--dft.pdf>

A new alert from Deloitte Tax discusses the updates in the draft instructions.

URL: https://dhub.deloitte.com/Newsletters/Tax/2024/TNV/240119_2_supplA.pdf

— Michael DeHoff
Tax Policy Group
Deloitte Tax LLP

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