

Deloitte Tax LLP reviews final regulations on micro-captive transactions; tariffs; and partnership related-party “basis-shifting” transactions

Deloitte Tax LLP reviews final regulations on micro-captive transactions and a revenue procedure facilitating automatic revocation of section 831(b) elections; new tariffs and new tariff-related actions and investigations; and final regulations under section 6011 on partnership related-party “basis-shifting” transactions.

Treasury and IRS issue final regulations on micro-captive transactions and a revenue procedure facilitating automatic revocation of section 831(b) elections

On January 10, 2025, the IRS and Treasury issued final regulations regarding micro-captive transactions of interest and micro-captive listed transactions (T.D. 10029) (the “Final Regulations”). The Final Regulations generally follow proposed regulations issued in April 2023 (REG-109309-22) (the “Proposed Regulations”) and also adopt a few mostly taxpayer-friendly changes.

URL: <https://www.federalregister.gov/documents/2025/01/14/2025-00393/micro-captive-listed-transactions-and-micro-captive-transactions-of-interest>

URL: <https://www.federalregister.gov/documents/2023/04/11/2023-07315/micro-captive-listed-transactions-and-micro-captive-transactions-of-interest>

On January 13, 2025, contemporaneous with issuance of the Final Regulations, the IRS issued Rev. Proc. 2025-13 under which taxpayers may request automatic revocation of their section 831(b) elections – either for 2025 or, if certain conditions are met, for 2024.

URL: <https://www.irs.gov/pub/irs-drop/rp-25-13.pdf>

Deloitte Tax LLP provides an analysis of the final regulations and Rev. Proc. in a new alert.

URL: https://dhub.deloitte.com/Newsletters/Tax/2025/TNV/250314_4_suppA.pdf

The Trump administration implements new tariffs, and orders new tariff-related actions and investigations, while Canada imposes new retaliatory tariffs, and the European Union announces upcoming countermeasures

President Trump ordered sweeping supplemental tariffs on imports from Canada, Mexico, and China, which have since been temporarily modified with certain exemptions, reductions, and delayed effective dates. Additionally, the president ordered the US Trade Representative and the Secretaries of the Treasury and Commerce to undertake, or determine the necessity of undertaking, certain investigations related to foreign trade and the global competitiveness of US companies. Moreover, Section 232 tariffs on steel and aluminum derivatives took effect on March 12, 2025. In response, Canada implemented new retaliatory tariffs on US-origin goods, and the European Commission announced that it will take countermeasures in response to US tariffs.

This alert from Deloitte Tax LLP summarizes these recent developments.

URL: <https://dhub.deloitte.com/Newsletters/Tax/2025/USITA/dttl-tax-alert-us-14-march-2025.pdf>

Treasury and IRS release final regulations under section 6011 on partnership related-party “basis-shifting” transactions

Earlier this year, Treasury and the IRS released final regulations (T.D. 10028) (the “Final Regulations”) that identify certain partnership related-party “basis shifting” transactions and substantially similar transactions as transactions of interest (“TOI”s), a type of reportable transaction. The Final Regulations are effective January 14, 2025, the date of publication in the Federal Register.

URL: <https://www.govinfo.gov/content/pkg/FR-2025-01-14/pdf/2025-00324.pdf>

The Final Regulations largely adopt the proposed regulations published in the Federal Register on June 18, 2024 (the “Proposed Regulations”) (REG-124593-23) with modifications in response to public comments on the Proposed Regulations.

URL: <https://www.govinfo.gov/content/pkg/FR-2024-06-18/pdf/2024-13282.pdf>

Deloitte Tax LLP provides a review of the Final Regulations in a new alert.

URL: https://dhub.deloitte.com/Newsletters/Tax/2025/TNV/250314_4_suppb.pdf

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