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IRS Releases Ruling on REIT Qualifying Income

The IRS issued Private Letter Ruling 201720008 (<https://www.irs.gov/pub/irs-wd/201720008.pdf>) relating to a REIT accruing income with respect to issuance of carbon offset credits and properly recognizing income upon the earliest date of when credits were earned, received or due. Pursuant to Section 856(c)(5)(J), the IRS found that income from issuance of carbon offset credits would be considered qualifying income under Sections 856(c)(2) and 856(c)(3). (Section references are to the Internal Revenue Code of 1986, as amended.)

IRS Grants Relief to RIC to Make Election Relating to Original Issue Discount

The IRS issued Private Letter Ruling 201720004 (<https://www.irs.gov/pub/irs-wd/201720004.pdf>) relief to make election under Treasury Regulation Section 1.1272-3(a) to include in gross income all interest that accrued on eligible debt instruments acquired during a taxable year. Under the regulation, a holder of a debt instrument may elect to include in gross income all interest that accrues on the instrument by using the constant yield method. The election is made by attaching to the holder's timely filed federal income tax return a statement that the holder is making the election and identifying the debt instruments subject to the election. In this case, the accounting firm retained to prepare Form 1120-RIC on behalf of the fund inadvertently failed to include the statement to make the election.

JCT Analyzes Border Adjustment Taxes

The Joint Committee on Taxation (JCT) released a report (<https://www.jct.gov/publications.html?func=startdown&id=4993>) relating to the public hearing before the House Ways and Means Committee on international tax reform analyzing the economic effects of a border adjustment tax such as the one proposed by House Republicans.

Ways and Means Releases Report on Border Adjustment Tax

The House Ways and Means Committee released a report (<http://www.politico.com/f/?id=0000015c-31c0-d476-abdf-7df235b70002>) relating to the public hearing on border adjustments and international taxation detailing problems with the current tax code, the goals of the House GOP tax reform plan, and rebuttals to common critiques of the border adjustment tax.

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