

Stradley Ronon Stevens & Young, LLP  
2005 Market Street  
Suite 2600  
Philadelphia, PA 19103-7018  
215.564.8000 Telephone  
215.564.8120 Facsimile  
www.stradley.com

With other offices in:  
Washington, D.C.  
New York  
New Jersey  
Illinois  
Delaware



www.meritas.org

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## AICPA Issues Comment Letter on Carried Interest Reporting

The American Institute of CPAs (AICPA) has submitted a [comment letter](#) to the IRS with regards to its FAQs on carried interest reporting under Section 1061. (Section references are to the Internal Revenue Code of 1986, as amended.) Section 1061 recharacterizes certain net long-term capital gains of a partner that holds one or more applicable partnership interests as short-term capital gains. The provision generally requires that a capital asset be held for more than three years for capital gain allocated with respect to any applicable partnership interest (API) to be treated as a long-term capital gain. Final regulations must be followed with respect to tax years beginning after Jan. 19, 2021, but for tax years beginning before Jan. 19, 2021, a taxpayer may choose whether or not to apply the final regulations. The FAQs aim to provide guidance with respect to filing requirements and reporting. In its letter, the AICPA states that the FAQs should be refined because of the variety of reporting options available to taxpayers for 2021. As such, the AICPA suggests that the IRS remove the requirement to furnish similar information as worksheet A for taxpayers not applying the final regulations, allow pass-through entities to furnish worksheet A to all partners, acknowledge that taxpayers may be following different methodologies and clarify reported amounts on worksheet A, Line 2.

## IRS Requests Lenders Not Report Certain Student Loan Cancellations

The IRS, in [Notice 2022-1](#), has directed lenders and servicers of student loans that they should not report or file information returns or furnish payee statements under Section 6050P with regard to the discharge of student loans when such loan is excluded from gross income under Section 108(f)(5), as amended by the [American Rescue Plan Act of 2021](#). Section 108(f)(5), as amended, provides that gross income does not include any amount which would otherwise be includible in gross income by reason of the discharge (in whole or in part) after Dec. 31, 2020, and before Jan. 1, 2026, of loans provided for postsecondary educational expenses, whether the loan was provided through the educational institution or directly to the borrower. The IRS is requesting that Forms 1099-C, which report such cancellation, not be filed to avoid any potential confusion for borrowers who would receive the form.

## PA Governor Announces Certain Student Loan Forgiveness Excluded From PA Personal Income

Pennsylvania Governor Tom Wolf [announced](#) that student loan forgiveness received by Pennsylvania residents from the federal Public Service Loan Forgiveness (PSLF) Program and the Pennsylvania Student Loan Relief for Nurses (SLRN) Program would not be included as gross income for purposes of the Pennsylvania personal income tax. The PSLF Program is a federal program that permits certain borrowers who make 120 qualifying monthly payments under a qualifying repayment plan while working full-time for a qualifying employer to have the remainder of their student loan balance forgiven. Qualifying employers include federal, state, local and tribal governments, as well as 501(c)(3) non-profits. The SLRN Program was established to help nurses in Pennsylvania who have worked tirelessly to fight the COVID-19 pandemic continue in the nursing profession by relieving some of the burdens of student loans.

For more information, contact **Christopher C. Scarpa** at 215.564.8106 or [cscarpa@stradley.com](mailto:cscarpa@stradley.com) or **Jacquelyn Gordon** at 215.564.8176 or [jgordon@stradley.com](mailto:jgordon@stradley.com).