

Tax Insights | June 28, 2023
**Tracking Tax News,
You Need to Know**



Supreme Court Won't Hear FBAR Penalty Dispute

The U.S. Supreme Court [declined](#) to hear a taxpayer's dispute of a foreign bank account failure penalty. In the dispute, the taxpayer challenged a loss at the U.S. Court of Appeals for the Third Circuit, where the court affirmed that the taxpayer willfully failed to file a Foreign Bank and Financial Accounts report for his Swiss bank account. The taxpayer argued that the court incorrectly applied a test established by the Supreme Court's decision in 2007 for determining the application of willful failures toward reckless reporting violations.

Facebook and IRS Agree to Instagram's Income Increase

Facebook Inc. and the IRS [agreed](#) to increase the company's royalties for transferring Instagram property to a Facebook subsidiary in Ireland by \$498 million. The IRS earlier claimed that Facebook owed more than \$170 million in taxes and penalties. In the petition, Facebook said that the IRS's initial adjustments under Section 482 were tied to the company making intangible property available to the Ireland entity.

State Organization Suggests Model Sourcing Rule for Partnership Taxation

The Multistate Tax Commission [discussed](#) a draft sourcing rule that could help states avoid jurisdictional disputes over the taxation of income by certain nonresident partners. The model regulation addresses the sourcing of investment partnership income and may cause the states to uniformly tax the earning of nonresident partners. The draft holds that a nonresident partner's distributive share of income is apportioned to a particular state at the partnership level based on the partnership's business activities in the state.



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