

Tax Insights | November 21, 2023

Tracking Tax News You Need to Know



Senate Democrats Reintroduce Bill Targeting Carried Interest

A group of Democratic U.S. senators again [introduced legislation](#) to end the carried interest tax break that benefits fund managers. The bill would remove the carried interest tax break to prevent private equity managers and venture capitalists from paying the lower capital gains rate on certain compensation. The initial version of the Inflation Reduction Act included a provision on carried interest, but it was removed in the final version.

Tax Court: Foreign Partnership Owes Taxes in U.S. Over Asset Manager Earnings

The U.S. Tax Court held on Nov. 15 that a Cayman Islands partnership that used a U.S. financial adviser to manage its deals owes U.S. tax on its earnings. In [YA Global Investments v. Commissioner of Internal Revenue](#), the partnership, which funded portfolio companies in exchange for stock, instructed a financial adviser based in New Jersey to manage its assets from 2006 to 2008. This relationship made the financial adviser's activities attributable to the Cayman Islands partnership for U.S. tax purposes, the Tax Court said. The court found that the foreign partnership retained a degree of control over the U.S. financial adviser by managing its investment account and imposing restrictions on the financial adviser at any time.

IRS Releases Guidance on Charitable Giving Tool

The IRS [released proposed rules](#) on Nov. 14 to provide more direction for individuals who put money into donor-advised funds. The proposed rules relate to excise taxes on taxable distributions made by a sponsoring organization from a donor-advised fund. The IRS also clarifies additional definitions of terms, how to determine if a fund can be identified as a separate entity, and how to establish if a donor has advisory privileges, among other issues.



[Christopher C. Scarpa](#)
215.564.8106 | cscarpa@stradley.com



[Jin Park](#)
212.812.4140 | jpark@stradley.com

www.stradley.com | Pennsylvania | Washington, DC | New York | New Jersey | Illinois | Delaware

This communication is provided as a general informational service to clients and friends of Stradley Ronon Stevens & Young, LLP. It should not be construed as, and does not constitute, legal advice on any specific matter, nor does this message create an attorney-client relationship. The enclosed materials may have been abridged from other sources. They are provided for educational and informational purposes for the use of clients and others who may be interested in the subject matter. This material may be considered attorney advertising in some states. Please note that the prior results discussed in the material do not guarantee similar outcomes.

