

Tax Insights | January 31, 2024
**Tracking Tax News
You Need to Know**



Private Letter Ruling: IRS Says Proposed Transactions Not Subject to Tax

In a [private letter ruling](#) published January 26, the IRS found that a series of proposed transactions under Sections 355 and 368 will not be taxable. In the transactions, a foreign parent's foreign subsidiary will capitalize on intercompany obligations owed by another subsidiary of its own. The foreign subsidiary then will redeem the preferred shares it issued to a newly incorporated entity for a note, and the newly incorporated entity will redeem the preferred shares it issued to the foreign subsidiary. The transactions in their entirety, as well as the capitalization, will qualify as a reorganization under Sections 355 and 368.

IRS Publishes Reminder on Digital Asset Income Reporting

The IRS [issued a news release](#) January 22 informing taxpayers that all digital asset income must be reported on 2023 federal income tax returns. Those who file Forms 1040, 1040-SR, 1040-NR, 1041, 1065, 1120 and 1120-S must also check the box on the digital asset question. Digital assets required to be reported include convertible virtual currency and cryptocurrency, stablecoins and non-fungible tokens.

Businesses Criticize EU Tax Reforms

Certain business groups and accounting firms have [argued that a tax reform proposal](#) in the European Union would increase compliance costs. They claim the proposal, the Business in Europe: Framework for Income Taxation (BEFIT), would be inconsistent with the Organisation for Economic Co-operation and Development (OECD) Pillar Two's global minimum tax enforcement. One of the groups, the American Chamber of Commerce to the European Union (AmCham EU), said the current proposal would be more burdensome and complex for taxpayers.



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