# B May 2020 Global Tax Alert

# Report on recent US international tax developments -8 May 2020

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Also available is our <u>EY Global Tax</u> <u>Alert Library</u> on ey.com. House Speaker Nancy Pelosi and Senate Minority Leader Chuck Schumer reportedly are poised to release a fourth coronavirus relief package that the Minority Leader described as "Rooseveltian" in its breadth and scope. The release of that package could come within days.

Earlier in the week, Senate Majority Leader Mitch McConnell and Senate Republicans indicated that they wanted to slow-down any action on a fourth COVID-19 bill. The Majority Leader was quoted as saying he favored a pause to evaluate the effects of prior coronavirus legislation. Senator McConnell did not offer a timeline, but one Republican senator said any action on another COVID-19 bill was weeks away and could even come after the Memorial Day recess.

The United States (US) Internal Revenue Service (IRS) on 7 May released Rev. Proc. 2020-30, providing limited relief under Internal Revenue Code<sup>1</sup> Section 1503(d) for the filing of Form 8858 or Form 8865 (controlled foreign partnership) by not taking into account "temporary activities" undertaken by individuals in a foreign country during a single consecutive period of up to 60 days during 2020, to the extent the individuals were temporarily present in the foreign country during that period and the activities would not have been undertaken but for "COVID-19 Emergency Travel Disruptions." The revenue procedure establishes documentation requirements for this purpose, which must be provided to the IRS upon request.



This relief is consistent with the other recent IRS revenue procedures that provided relief for determining whether a US trade or business exists and the extent to which an individual qualifies for the benefits of the Section 911 foreign earned income exclusion.

The OECD<sup>2</sup> is postponing the Inclusive Framework (IF) on BEPS<sup>3</sup> meeting regarding BEPS 2.0 that was scheduled for 1-2 July until early October, according to Pascal Saint-Amans, Director of the OECD's Centre for Tax Policy and Administration. Saint-Amans confirmed the change during a 4 May OECD Tax Talks webcast. The July meeting reportedly will be replaced with a virtual meeting during which the nearly 140-member participating jurisdictions of the IF will discuss ongoing progress and adopt a report on implementation of the BEPS project measures. The July meeting was meant to reach agreement on the key policy features of a BEPS 2.0 solution that would form the basis for a political agreement. The planned October IF meeting – for which no date has been set nor a decision made on whether it will be virtual or not – reportedly will aim to adopt a BEPS solution although it is not clear if it will contain a full set of measures, according to Saint-Amans. The OECD official was quoted as saying, "The reasonable expectation here is we may have a staged process," adding that some parts of the solution, particularly with regard to Pillar 1, could spill over to 2021.

Saint-Amans also disclosed during the webcast that the OECD is considering addressing unique transfer pricing issues cropping up as a result of the COVID-19 pandemic. He was quoted as saying that Working Party 6, which will establish a work process in this area, is not expected to release any guidance before the end of 2020.

### Endnotes

- 1. All "Section" references are to the Internal Revenue Code of 1986, and the regulations promulgated thereunder.
- 2. Organisation for Economic Co-operation and Development.
- 3. Base Erosion and Profit Shifting.

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