

Report on recent US international tax developments - 21 August 2020

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The United States (US) Senate Republicans reportedly planned to introduce a limited coronavirus aid package that will include additional Paycheck Protection Program funding, liability protection, a federal unemployment benefit component, additional funding for coronavirus testing and schools, and funding for the US Postal Service, but it has not been released. The package reportedly does not include many of the proposed tax provisions found in the Republican-sponsored US\$1 trillion *Health, Economic Assistance, Liability Protection, and Schools (HEALS) Act*.

An Internal Revenue Service (IRS) Large Business and International (LB&I) division official this week said LB&I is gearing up for a major increase in refund claims through Form 1120-X, "Amended U.S. Corporation Income Tax Return," as a result of coronavirus aid legislation. Last spring's *Coronavirus Aid, Relief, and Economic Security Act*, among other things, amended Internal Revenue Code Section 172 to permit taxpayers to carryback losses from 2018 to 2020 for up to five years from the year of loss. Refund claims of over US\$5 million require Joint Committee on Taxation (JCT) review before a refund is made, however. The IRS official added that the Service is working internally and with the JCT to ensure that the process works efficiently.

The official further was quoted as saying the IRS is considering how to address its various compliance initiatives during the COVID-19 pandemic. LB&I reportedly plans to launch a large partnership program akin to the large corporate compliance program, but it is not expected to be rolled out before early 2021.

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