

Report on recent US international tax developments - 6 November 2020

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At the time of publication of this Alert, no winner has been declared in the 3 November United States (US) presidential race. Similarly, there are a number of open congressional races still to be called, although a Democratic majority - albeit diminished - is expected in the House. The recent elections will clearly have a major impact on US tax policy in the coming year and going forward, but no meaningful insights are possible until the final results are tallied and a President-elect and the makeup of the next Congress is determined.

An external EY Global Tax Webcast, [How the US general election impacts the global corporate tax outlook](#), is scheduled for 12 November at 11:30 ET.

The Internal Revenue Service (IRS) will not release proposed regulations on previously taxed earnings and profits (PTEP) this year, according to a senior official. The anticipated PTEP regulations, which are important across a variety of provisions, have faced several delays over the years and are now expected for release in early 2021.

The IRS official was also quoted this week as saying that final regulations under Internal Revenue Code Section 245A on the dividends received deduction will be issued "very soon."

The official added that taxpayers can further expect proposed regulations on the *Foreign Investment in Real Property Tax Act* aspects of opportunity zones, as well as a revenue procedure that will discuss the interplay of a change in accounting method made by a controlled foreign corporation and the Global Intangible Low-Taxed Income rules.

The Organisation for Economic Co-operation and Development (OECD) and the OECD/G20 Inclusive Framework on Base Erosion and Profit Shifting (BEPS) recently released a [Report](#) on taxing virtual currencies that provides a cross-jurisdictional overview of the tax treatment and emerging tax policy issues in relation to virtual currencies. The jurisdictional overview is based on a questionnaire to identify domestic variations in the taxation of crypto-assets, focusing in particular on the treatment of virtual currencies for purposes of income tax, property tax and Value Added Tax.

Easily overshadowed by the recent release of the BEPS 2.0 Pillar One and Pillar Two documents, the Report covers three main areas: key concepts and definitions of blockchain and crypto-assets; the tax policy implications of several emerging issues related to the taxation of virtual currencies, e.g., stablecoins; and tax policy considerations related to virtual currencies. The Report is the first formal report of the OECD and Inclusive Framework specifically related to taxing virtual currencies and the related tax policy issues. The Report states that the OECD is currently developing technical proposals in order to ensure an adequate and effective level of reporting and exchange of information with respect to crypto-assets. See EY Global Tax Alert, [OECD releases report on taxing virtual currencies](#), dated 3 November 2020 for details.

For additional information with respect to this Alert, please contact the following:

Ernst & Young LLP, International Tax and Transaction Services, Washington, DC

- ▶ Arlene Fitzpatrick arlene.fitzpatrick@ey.com
- ▶ Joshua Ruland joshua.ruland@ey.com

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