

# **Bond Case Briefs**

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## **IRS Proposal Would Sink States' Tax Deduction Workarounds.**

**The U.S. Treasury Department and IRS released their highly anticipated regulatory proposal on Thursday.**

Proposed regulations the U.S. Treasury Department and IRS issued Thursday would block state attempts to provide taxpayers with a way around the recently imposed cap on state and local tax deductions.

Last year's Republican-led tax overhaul capped the federal deduction that individual taxpayers can claim for certain state and local taxes they pay at \$10,000. Some states have sought to create a pathway for circumventing this cap by relying on charitable contributions, which remain fully deductible under the federal tax code.

These workarounds involved soliciting contributions to help pay for public services, and then allowing people to claim a state tax credit on par with the contributions to lower the state taxes they owe.

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ROUTE FIFTY

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