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NABL: Treasury to Withdraw Political Subdivision Regs.

The Treasury Department released a report today with its planned actions concerning the eight tax regulations identified earlier this year as imposing an undue burden, including the proposed definition of political subdivisions. Treasury will withdraw the proposed political subdivision regulations in their entirety.

Treasury and the IRS now believe that because of the far-reaching impact on existing legal structures the proposed regulations would have had, they are not justified. However, the Treasury and IRS continue to believe that some enhanced standards for qualifying as a political subdivision may be appropriate. Thus while Treasury and the IRS will continue to study the legal issues relating to political subdivisions, Treasury and the IRS currently believe that the proposed regulations should be withdrawn in their entirety, and plan to publish a withdrawal of the proposed regulations shortly in the Federal Register. Treasury and the IRS may propose more targeted guidance in the future after further study of the relevant legal issues.

You may find the link to the report here and to Treasury's press release here.

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