

Layla Asali Comments on Proposed Foreign Tax Credit Rules in Bloomberg Law

"Treasury May Fix Expense Allocation for Foreign Tax Credit Rules"

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Tax Department Vice Chair Layla Asali commented on the imminent finalization of proposed U.S. Department of Treasury foreign tax credit rules that address expense allocation, a major concern for businesses. "The proposed regulations make it seem as if stewardship expenses could not be allocated to U.S. source income, and that seemed wrong to many practitioners and maybe it just needs some clarification," Asali said. It is expected that the Treasury and IRS will also issue new proposed rules that address the deduction for foreign derived intangible income (FDII). "There was significant uncertainty to the interaction of the foreign tax credit rules with FDII specifically, so it is something that Treasury and the IRS could take on under the proposed rules."