



# TaxNewsFlash

## United States

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### **Notice 2018-28: Computing business interest expense limitation under section 163(j)**

The IRS today released an advance version of Notice 2018-28 that states that the U.S. Treasury Department and IRS will issue proposed regulations as guidance to assist taxpayers in complying with section 163(j) as amended by the new tax law (Pub. L. No. 115-97, enacted December 22, 2017).

**Notice 2018-28** [PDF 183 KB] describes the rules that the to-be-issued proposed regulations will include as interim guidance until more comprehensive guidance is developed. The rules will apply only for purposes of determining the limitation on deductions for interest expense under section 163(j). Today's notice states that before the proposed regulations are issued, taxpayers may rely on Notice 2018-28.

In a related IRS release—**IR-2018-82**—it is reported that the future proposed regulations will include rules addressing the calculation of the business interest expense limitation at the level of a consolidated group of corporations and other rules to clarify certain aspects of the new tax law as it applies to corporations. The IRS also stated that Notice 2018-28:

- Clarifies the treatment of interest disallowed and carried forward under section 163(j) prior to enactment of the recent tax law
- Clarifies that partners in partnerships and S corporation shareholders cannot interpret newly amended section 163(j) to inappropriately "double count" the business interest income of a partnership or S corporation

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