



TaxNewsFlash

United States



No. 2019-301
June 13, 2019

Final regulations: Modification of discounting rules for insurance companies

The U.S. Treasury Department and IRS this afternoon released for publication in the Federal Register final regulations (T.D. 9863) as guidance with regard to discounting insurance companies' unpaid losses and estimated salvage recoverable for federal income tax purposes. The final regulations reflect measures that were enacted by the 2017 U.S. tax law (Pub. L. No. 115-97 that is often referred to as the "Tax Cuts and Jobs Act" (TCJA)).

The [final regulations](#) [PDF 262 KB] (23 pages) are scheduled to be published in the Federal Register on June 17, 2019.

In brief

The discounting rules of section 846, both prior to and after amendment by the TCJA, are used to determine discounted unpaid losses and estimated salvage recoverable of property and casualty insurance companies and discounted unearned premiums of title insurance companies for federal income tax purposes under section 832, as well as discounted unpaid losses of life insurance companies for federal income tax purposes under sections 805(a)(1) and 807(c)(2).

- Treasury and the IRS issued proposed regulations under section 846 in November 2018. Read [TaxNewsFlash](#)
- The IRS issued Rev. Proc. 2019-06 to provide the unpaid loss discount factors and salvage discount factors for the 2018 accident year. Read [TaxNewsFlash](#)

The preamble to today's final regulations states that Treasury and the IRS received comments with regard to the proposed regulations and Rev. Proc 2019-06, and that the proposed regulations have been adopted with certain amendments.

The purpose of this report is to provide text of the final regulations.

The information contained in TaxNewsFlash is not intended to be "written advice concerning one or more Federal tax matters" subject to the requirements of section 10.37(a)(2) of Treasury Department Circular 230, as the content of this document is issued for general informational purposes only, is intended to enhance the reader's knowledge on the matters addressed therein, and is not intended to be applied to any specific reader's particular set of facts. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. Applicability of the information to specific situations should be determined through consultation with your tax adviser.

KPMG International is a Swiss cooperative that serves as a coordinating entity for a network of independent member firms. KPMG International provides no audit or other client services. Such services are provided solely by member firms in their respective geographic areas. KPMG International and its member firms are legally distinct and separate entities. They are not and nothing contained herein shall be construed to place these entities in the relationship of parents, subsidiaries, agents, partners, or joint venturers. No member firm has any authority (actual, apparent, implied or otherwise) to obligate or bind KPMG International or any member firm in any manner whatsoever.

Direct comments, including requests for subscriptions, to [Washington National Tax](#). For more information, contact KPMG's Federal Tax Legislative and Regulatory Services Group at + 1 202.533.4366, 1801 K Street NW, Washington, DC 20006-1301.

To unsubscribe from TaxNewsFlash-United States, reply to [Washington National Tax](#).

[Privacy](#) | [Legal](#)