

TaxNewsFlash

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IRS practice unit: Foreign tax credit—categorization of income and taxes into proper basket

The IRS Large Business and International (LB&I) division today publicly released a “practice unit”—part of a series of IRS examiner “job aides” and training materials intended to describe for IRS agents leading practices about tax concepts in general and specific types of transactions.

The title of the “concept” unit (as referred to by the IRS) is:

- *Foreign Tax Credit - Categorization of Income and Taxes Into Proper Basket*

Read the practice unit on the [IRS practice unit webpage](#) (posting date of June 26, 2023).

The practice unit was revised to address changes from implementation of the “Tax Cuts and Jobs Act” (TCJA) and covers the appropriate identification of the types of foreign-sourced income and taxes to determine assignment into their proper categories. The practice unit supersedes a December 2016 practice unit titled “Categorization of Income and Taxes Into Proper Basket.”

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