



# TaxNewsFlash

## United States

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### **IRS practice unit: Taxation on disposition of USRPI by foreign persons**

The IRS Large Business and International (LB&I) division today publicly released a “practice unit”—one in a series of IRS examiner “job aides” and training materials intended to describe for IRS agents leading practices for specific international and transfer pricing issues and transactions.

The subject of the newly released practice unit is taxation on the disposition of a U.S. real property interest (USRPI) by foreign persons. Text of the practice unit (release date of August 23, 2016) is available on the IRS practice unit [webpage](#).

#### **KPMG observation**

The IRS practice units identify areas of strategic importance to the IRS, provide insight as to how IRS examiners will approach various transactions, and generally provide an understanding of the context in which an IRS examiner will approach a particular issue or transaction. Thus, taxpayers (and their tax advisers) facing an IRS examination or concerned with issue(s) presented by the practice units will want to review the relevant practice units, so as to have a better understanding of the issues that may arise either prior to or during an examination. For instance, the IRS practice units typically provide information that can help taxpayers:

- Plan for appropriate documentation during return preparation
- Effectively approach certain elections or certain transactions
- Respond appropriately to IRS correspondence

For taxpayers selected for a pending IRS examination, the practice units can provide information that may assist with preparation for the examination. For taxpayers actually under examination, the practice units may provide information that can assist taxpayers respond to IRS requests.

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