



TaxNewsFlash

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Proposed regulations: Federal tax classification of entities wholly owned by Indian Tribal governments

The U.S. Treasury Department and IRS today released [proposed regulations](#) (REG-113628-21) that would provide that entities wholly owned by Indian Tribal governments and organized or incorporated exclusively under the laws of the tribes that own them generally are not recognized as separate entities for federal tax purposes.

The proposed regulations would also provide that, for purposes of making certain elective payment elections (including determining eligibility for and the consequences of such elections) for certain energy credits under the Inflation Reduction Act of 2022, these entities and certain Tribal corporations chartered by the Department of the Interior (DOI) are treated as an instrumentality of one or more Indian Tribal governments or subdivisions thereof.

Once finalized, the regulations are generally proposed to apply to tax years ending after the date the proposed regulations are published in the Federal Register (which is scheduled to be October 9, 2024).

Comments on the proposed regulations, as well as requests to speak and outlines for topics to be discussed at the public hearing (scheduled for January 17, 2025, at 10:00 AM ET), are due by the date that is 90 days after the proposed regulations are published in the Federal Register (which again is scheduled to be October 9, 2024). If no outlines are received by that date, the public hearing will be cancelled.

Read a related IRS release—[IR-2024-261](#) (October 7, 2024)

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