



# TaxNewsFlash

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## **IRS practice units: FDAP payments; accounting method changes; qualified dividends and capital gains rate differential adjustments; home office and stewardship expenses; sourcing of multi-year compensation arrangements; child tax credit**

The IRS Large Business and International (LB&I) division today released six “practice units”—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:

- **[Fixed, determinable, annual, or periodical \(FDAP\) Payments - Statistical Sampling and Projection Procedures](#)**—this “process unit” unit supersedes the previously published practice unit with the same title published on January 13, 2020. The practice unit was revised to reflect current updates of Form 1042-S and the Internal Revenue Manual (IRM), as well as to remove references to resources that are no longer current, relevant or available.
- **[IRC 481\(a\) Adjustments for IRC 263A Accounting Method Changes](#)**—this “concept unit” unit was updated to remove references to resources that are no longer current, relevant or available, and supersedes the March 11, 2020, practice unit with the same title.
- **[Qualified Dividends and Capital Gains Rate Differential Adjustments](#)**—this “process unit” updates the December 14, 2020, practice unit with the same title.
- **[Section 861 - Home Office and Stewardship Expenses](#)**—this “transaction unit” was updated to remove references to resources that are no longer current or available and to correct minor typographical or formatting errors. Slide 3 was updated to remove a reference to Form 1120-F, Schedule H, line 40(a) because this line reference was inaccurate. It supersedes the September 9, 2014, practice unit of the same title.
- **[Sourcing of Multi-Year Compensation Arrangements Including Stock Options for FTC Limitation](#)**—this “concept unit” updates the September 2, 2016, practice unit with the same title. The update provides some clarifying narrative as well as removing items of reference, which are obsolete and removed.

- [U.S. Persons Residing Abroad Claiming Additional Child Tax Credit](#)—this “transaction unit” was updated to remove references to resources that are no longer current, relevant, or available, and supersedes the practice unit dated November 9, 2017.

The practice units are available on the [IRS practice unit webpage](#).

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