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New CAMT Notice: Reasons Taxpayers Are Breathing a Sigh of Relief

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The IRS's CAMT Notice follows last year's release of a complex set of proposed rules and provides much-welcome relief as taxpayers await final regulations, say KPMG practitioners.

The IRS's recently released [Notice 2025-27](#), provides interim guidance for the corporate alternative minimum tax (a 15% tax based on adjusted financial statement income) and much-welcome relief for some CAMT issues as taxpayers await final regulations. The guidance follows last year's release of a complex set of [proposed regulations](#) and provides a taxpayer-favorable safe harbor for determining whether taxpayers are subject to CAMT

as well as estimated tax payment relief for the 2025 tax year.

Furthermore, the Notice appears in-line with the Trump administration's deregulatory agenda and desire to decrease administrative burdens placed on taxpayers. This article provides ten reasons that the new CAMT guidance is welcome by taxpayers (both in-scope and out-of-scope).

1. More Generous and User-Friendly Scope Safe Harbor

Notice 2025-27 provides an interim scope safe harbor (for determining whether a taxpayer is an applicable corporation subject to the CAMT) which uses higher thresholds than those in previous versions. Specifically, the revised scope safe harbor uses an \$800 million threshold for US-parented taxpayers (and \$800 million

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and \$80 million thresholds for foreign-parented taxpayers). In addition, the revised scope safe harbor incorporates certain taxpayer favorable adjustments to adjusted financial statement income, such as adjustments for certain energy tax credits (including amounts received from the transfer of eligible credits and certain direct pay credits). Additionally, there are favorable rules provided for tax-exempt entities.

2. Adoption of Proposed CAMT Regulations Not Required

Importantly, taxpayers can use the interim scope safe harbor without early adopting the CAMT Proposed Regulations as long as they haven't already filed their return for the 2024 tax year. Although [Notice 2023-7](#) and [Notice 2023-64](#) previously provided a scope safe harbor for determining if a taxpayer is an applicable corporation, the proposed regulations removed a taxpayer's ability to rely on the notices for tax years ending on or before September 13, 2024. As a result, taxpayers who wished to apply the scope safe harbor for 2024 tax years appeared forced to early adopt the proposed regulations, specifically the provisions of the proposed regulations referred to as the "specified regulations." Given that the specified regulations contain many unfavorable or simply administratively burdensome rules, taxpayers likely welcome the ability to stave off applying the proposed regulations in order to achieve administrative relief.

3. An Easier 2024 CAMT Compliance Season for Some

The interim scope safe harbor in Notice 2025-27 may be used for any tax year ending on or before the date of

publication of final regulations in the Federal Register and for which the original Federal income tax return has not been filed as of the date of publication of the Notice in the Internal Revenue Bulletin. This is significant because [Form 4626, Alternative Minimum Tax — Corporations](#), indicates that a corporation which is eligible for the scope safe harbor is not required to file the form. Taxpayers with AFSI greater than \$500 million and less than \$800 million will likely welcome this relief from Form 4626's burdensome computational and CAMT group reporting requirements.

4. Estimated Tax Payment Relief for 2025

The Notice also provides estimated tax payment relief for taxable years that begin after December 31, 2024, and before January 1, 2026. This relief, unlike the scope safe harbor relief, helps in-scope applicable corporations. Previous guidance waived estimated tax payment penalties for the 2024 tax year. It is notable that this relief for 2025 comes two weeks prior to the June 15th estimated payment due date for calendar year corporations, such that taxpayers have a bit of time to recompute their estimated tax payments.

5. Taxpayers Can Expect Reproposed CAMT Regulations

The Notice announces that the Treasury Department and the IRS anticipate that new proposed regulations will be issued to revise the existing CAMT proposed regulations prior to the release of any final CAMT regulations. The Notice indicates that revised proposed regulations will incorporate the revised scope safe harbor rules provided in Notice 2025-27 as well as other revisions.

6. Hope for Mark-to-Market Adjustments in Future Interim Guidance

In the current proposed regulations, Treasury rejected previous taxpayer comments asking for the general importation of tax realization and recognition principles (i.e., with regards to mark-to-market amounts), although did provide relief for certain hedging transactions. However, Notice 2025-27 states that additional interim guidance plans to address “how unrealized gains and losses on certain investment assets reported for financial statement purposes are taken into account for purposes of determining AFSI.” Thus, taxpayers may have reason to hope that Treasury is reconsidering its previous rejection of the ask that AFSI not include any (or most) mark-to-market amounts.

7. Revisiting the Partnership Distributive Share Rules in Future Interim Guidance

Notice 2025-27 foretells a potential simplification of the partnership distributive share of AFSI rules currently provided in the proposed regulations and additional rules addressing partnership contributions and distributions. The CAMT proposed regulations adopted a bottom-up scheme that requires reporting through tiers and exceptionally complex tracking of partnership amounts, as well as a complex multi-part methodology for determining a partner’s distributive share of partnership AFSI. The CAMT proposed regulations also provided complicated installment sale rules to spread financial statement income from certain partnership contributions and distributions. Treasury’s comment that future interim guidance plans to address “alternative rules for determining a partner’s distributive share of partnership AFSI” and “AFSI adjustments resulting from certain

transactions between a partner and partnership” is likely a very welcome sign to partners and partnerships alike.

8. Simpler and More Favorable Early Reliance Rules May Be on the Horizon

The Notice indicates Treasury and the IRS are planning on releasing additional interim guidance that provides alternative rules for early reliance on the CAMT proposed regulations. Existing proposed regulations contain a complicated set of rules that apply different standards of reliance for different provisions of the proposed regulations. Under the current proposed rules, taxpayers generally may apply any provision to a tax year ending on or before the date of publication of final regulations in the Federal Register. But they can do so only if the taxpayer and each member of its CAMT test group consistently applies that provision and the specified regulations in their entirety, to that year and any other subsequent year until the first year in which the final regulations apply. However, many aspects of the specified regulations may be unfavorable or administratively burdensome for taxpayers and coordinating the reliance consistency among CAMT group members may be difficult. Hopefully, forthcoming interim guidance eases those burdens and difficulties by loosening the existing consistency rules.

9. Final Regulations May Not Be Forthcoming

Treasury’s release of Notice 2025-27 and its mention of additional interim guidance and repropose CAMT regulations likely indicates that final CAMT regulations are unlikely in the near term. This is not surprising

considering the current [freeze](#) on rulemaking and changes in tax priorities under the Trump administration.

10. Taxpayers Should Strongly Consider Submitting CAMT Comments

Given the remaining complex issues within the CAMT regime and the fact that Treasury and the IRS have indicated they are actively drafting interim guidance and revised proposed regulations, taxpayers (both in-scope and out-of-scope) are well advised to continue to submit comments to Treasury identifying faults and frustrations with the current proposed regulations. It is evident from the taxpayer-favorable changes to the scope safe harbor provided in Notice 2025-27 that the current administration will heed thoughtful and repeated taxpayer comments. There are many additional comments taxpayers could consider making, such as comments requesting complexity relief for in-scope applicable corporations (e.g., simplified methods for the partnership distributive share of AFSI and depreciation rules).

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