



TaxNewsFlash

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Proposed regulations withdrawn: Treatment under section 382(h) of built-in gain and loss after ownership change

The U.S. Treasury Department and IRS today released a [document](#) withdrawing two sets of proposed regulations on the treatment under section 382(h) of built-in items of income, gain, deduction, and loss taken into account by a loss corporation after an ownership change:

- Proposed regulations (REG-125710-18) published on September 10, 2019, modifying Treas. Reg. §§1.382-2 and 1.382-7
- Proposed regulations (REG-125710-18) published on January 14, 2020, modifying certain provisions in the 2019 proposed regulations

The document states that the Treasury Department and IRS are withdrawing the proposed regulations because they received critical comments in response to the regulations and they are continuing to study the issues addressed in the proposed regulations and expect to issue new proposed regulations regarding such issues. The document further states that by the terms of Notice 2003-65, taxpayers may continue to rely on the approaches set forth in the notice for purposes of applying section 382(h) to an ownership change that occurs prior to the effective date of temporary or final regulations under section 382(h).

The proposed regulations will be withdrawn as of the date the document is published in the Federal Register, which is scheduled to be July 2, 2025.

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