



TaxNewsFlash

Exempt Organizations

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Treasury and IRS release final regulations on Tribal tax issues

The U.S. Treasury Department and IRS today released two sets of final regulations addressing tax issues for Tribal entities:

- **Federal tax classification of entities wholly owned by Indian Tribal governments:** [Final regulations](#) (T.D. 10039) clarify that entities wholly owned by Indian Tribal governments and organized under Tribal law generally are not recognized as separate entities for federal tax purposes, with special rules for employment, excise, and energy credit provisions. In particular, the regulations provide that these entities are treated as instrumentalities of Tribal governments when seeking to claim certain energy tax credits through the direct pay election under section 6417, reducing the potential burden of claiming the credit amounts. [Read TaxNewsFlash](#)
- **Exclusion from gross income under section 139E of Tribal general welfare benefits:** [Final regulations](#) (T.D. 10040) provide guidance on the requirements for Tribal general welfare benefits to be excluded from gross income under section 139E, including definitions, administrative rules, and deference to Tribal governments. [Read TaxNewsFlash](#)

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