

In The News

Akerman Partners Jennifer Lindy and Farid Khosravi Anticipate Partnership Clarity In First Offshore Profits Rules

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Taxpayers and advisors anticipate answers to several questions about how partnerships should properly track, report, and attribute foreign income previously taxed in the U.S. when the first round of long-awaited rules addressing previously taxed earnings and profits, or PTEP, is published.

Akerman Tax Partners [Jennifer Lindy](#) and [Farid Khosravi](#) told *Law360* they are looking for the first round of PTEP rules to address some of the uncertainty associated with accounting for PTEP since the TCJA was enacted.

Law360 wrote: “If the PTEP rules were to attribute the previously taxed income at the entity level versus the shareholder level, it would make a significant difference in potential transactions,” Lindy said.

“‘Planning decisions might be impacted, because if you can sell something that’s more valuable because it has this baked-in attribute and this increased basis at that level, I think that’s very beneficial,’ said Lindy, adding that it could prevent losing the attribute when the U.S. shareholder is no longer part of that equation.”

“The TCJA created a dynamic where closely held businesses such as S corporations or partnerships

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may have elected to be taxed as C corporations under IRC Section 962, but there's a lack of guidance about how to properly report PTEP for individual taxpayers who make that election, according to Khosravi."

"Overall, the less speculation we have to make on how something should be reported, the better it is ... from a planning, compliance and a defense perspective," Lindy said.

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