U.S. Chamber of Commerce

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May 29, 2026

The Honorable Kenneth J. Kies
Assistant Secretary (Tax Policy)
U.S. Department of Treasury
1500 Pennsylvania Avenue N.W.
Washington, D.C. 20220

Re: Recommendations for Items to be Included on the 2026–2027 Priority Guidance Plan (Notice 2026-23)

Dear Mr. Kies:

The U.S. Chamber of Commerce ("Chamber") welcomes the opportunity to recommend items to be included on the 2026–2027 Priority Guidance Plan, which will identify guidance projects that the Department of the Treasury ("Treasury") and Internal Revenue Service ("IRS") intend to actively work on as priorities during the period from July 1, 2026, through June 30, 2027. We also welcome the invitation to make deregulatory recommendations relating to tax regulations potentially described in section 2(a) of Executive Order 14219.[1] The following recommendations reflect some of the most pressing guidance needs of our member companies from across the industry spectrum but are by no means exhaustive.

Priority Guidance Recommendations

One Big Beautiful Bill Act Implementation

- Regulations under section 199A regarding the deduction for qualified business income.[2]

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[1] 90 Fed. Reg. 10583 (Feb. 25, 2025). Examples include regulations that are based on anything other than the best reading of the underlying statutory authority or prohibition; regulations that implicate matters of social, political, or economic significance that are not authorized by clear statutory authority; and regulations that impose significant costs upon private parties that are not outweighed by public benefits.

[2] Unless otherwise indicated, all references to "section" and "Treas. Reg. §" are to sections of the Internal Revenue Code of 1986, as amended ("Code"), and the Treasury regulations promulgated thereunder, respectively.

- Regulations under section 168(k) regarding the permanent 100% additional first year depreciation deduction for qualified property acquired and placed in service after January 19, 2025.

- Regulations under sections 174, 174A, and related provisions of the Code regarding the treatment of research and experimental ("R&E") expenditures.

- Regulations or other published guidance under section 163(j) regarding the limitation on the deduction for business interest expense for taxable years beginning after December 31, 2024.

- Regulations under section 168(n) regarding the new special depreciation allowance for qualified production property placed in service after July 4, 2025.

- Regulations or other published guidance under sections 951, 951A, and related provisions of the Code, including regulations or other published guidance regarding the determination of a United States shareholder's pro rata share of a controlled foreign corporation's ("CFC") subpart F income and net CFC tested income.

- Regulations or other published guidance under sections 250, 904, 960, and related provisions of the Code regarding the allocation and apportionment of expenses and other foreign tax credit issues, including regulations or other published guidance:

    - defining the term "directly allocable" for purposes of section 904(b)(5); and

    - confirming that stewardship and other United States shareholder-level expenses are not considered "directly allocable" to net CFC tested income ("NCTI").[3]

- Regulations or other published guidance under new section 904(b)(6) regarding the source of certain income from the sale of inventory produced in the United States that is sold outside the United States through a foreign branch.

[3] Congress demonstrated its intent to prevent the overallocation of expenses to NCTI by carving out interest expense and R&E expenditures and focusing on expenses that are "directly allocable" to NCTI (e.g., expenses that are directly related to the work and functions of a CFC).

- Regulations or other published guidance under section 250 regarding foreign-derived deduction eligible income ("FDDEI") and NCTI, including regulations or other published guidance:

    - addressing the application of section 250(b)(3)(A)(i)(VII) to sales or other dispositions of property, and clarifying that the exclusion of any income or gain from the sale or other disposition of "other excluded property" applies only to the extent of the seller's prior depreciation, amortization, or depletion deductions (similar to the section 1245 depreciation recapture rule);[4] and

    - defining the term "properly allocable" for purposes of section 250(b)(3), and providing administrable rules for common expense types; and

    - confirming that under section 250, deductions are not limited to a domestic corporation's taxable income and may create or increase a net operating loss.

- Regulations under section 59A regarding modifications to the base erosion minimum tax amount for taxable years beginning after December 31, 2025.

- Regulations or other published guidance under section 45F regarding the enhancements to the employer-provided child care credit.

- Regulations or other published guidance under section 45U on the zero-emission nuclear power production credit.

- New regulations or other published guidance under section 45V regarding the credit for production of clean hydrogen that adhere to both the statutory text and legislative intent of section 45V to support the production of clean hydrogen through all current and future feedstocks and technologies, unencumbered by extra-statutory restrictions on eligibility like the so-called "three pillars" of incrementality, temporal matching, and deliverability in the existing regulations.

- Regulations or other published guidance under section 45X regarding advanced manufacturing production credit.

- Final regulations under section 45Z on the clean fuel production credit.

[4] This clarification would mitigate the unnecessarily harsh result for remanufactured or refurbished property contemplated by Notice 2025-78, 2025-52 I.R.B. 874.

- Regulations under section 45Q relating to the credit for carbon oxide sequestration confirming two critical principles necessary to ensure the administrability, scalability, and continued deployment of carbon capture, utilization, and storage projects in the United States:

    - that carbon oxide is fungible; and

    - that, because of such fungibility, taxpayers are permitted to account for volumes of carbon oxide qualifying for the section 45Q credit, and transported within a physically connected system, by allocating such qualified volumes to eligible sites.

- Regulations or other published guidance under section 7701(a)(51) and (52) addressing the many open questions and unresolved ambiguities regarding the new prohibited foreign entity and material assistance restrictions.

Corporations and Shareholders

- New proposed regulations under sections 55, 56A, 59, and related provisions of the Code regarding the application of the corporate alternative minimum tax ("AMT"), including regulations:

    - adopting simpler, less-burdensome rules similar to those described in the five tranches of interim guidance released by Treasury and the IRS in 2025 and early 2026;[5]

    - clarifying the impact of Notice 2025-28 elections on corporate AMT basis; and

    - confirming the non-application of the section 901(m) foreign tax credit disallowance and the section 907 foreign tax credit limitation for purposes of the corporate AMT foreign tax credit.

International Tax

- Regulations or other published guidance under section 245A clarifying that if a CFC receives a dividend from a specified 10-percent owned foreign

[5] This interim guidance is provided in Notice 2025-27, 2025-26 I.R.B. 1611, Notice 2025-28, 2025-34 I.R.B. 316, Notice 2025-46, 2025-43 I.R.B. 533, Notice 2025-49, 2025-44 I.R.B. 627, and Notice 2026-7, 2026-11 I.R.B. 637.

corporation, the dividend will be treated in the same manner as if it were received by a domestic corporation directly from such foreign corporation.[6]

- Regulations or other published guidance under section 367(b) providing targeted relief from the income and gain recognition requirements in Treas. Reg. 1.367(b)-3 to facilitate inbound corporate domestication transactions.

- Regulations under section 901 confirming that a foreign country's qualifying domestic minimum top-up tax ("QDMTT"), as defined in Article 10 of the OECD Global Anti-Base Erosion ("GloBE" or "Pillar Two") model rules, generally meets the requirements for a creditable foreign income tax.

- Regulations or other published guidance under section 905(c) regarding foreign tax redeterminations ("FTRs") providing streamlined FTR notification methods to reduce compliance and administration burdens on taxpayers and the IRS.

- New proposed regulations under sections 959 and 961 simplifying the treatment of previously taxed earnings and profits ("PTEP") and related basis adjustments, including regulations:

    - allowing section 961(c) basis to create a loss that is allocable to the amount included under section 951 in the United States shareholder's gross income;

    - providing a mechanism to prevent double taxation of PTEP that may arise due to the share-by-share approach contemplated by the existing proposed regulations with respect to section 961(b) basis increases;

    - retaining the proposed rules regarding how positive section 961(c) basis is applied with respect to a covered shareholder;

    - adding a de minimis threshold with respect to "covered shareholders";

    - reconsidering the treatment of partnerships and partners;

[6] This treatment would accord with Congress's intent that a CFC should be treated as a domestic corporation for purposes of applying section 245A to dividends received by the CFC from a specified 10-percent owned foreign corporation, consistent with Treas. Reg. § 1.952-2(b)(1). *See* H.R. Rep. No. 115-466, at 599 n.1486 (2017) (Conf. Rep.) (explaining that a CFC receiving a dividend from a 10-percent owned foreign corporation that constitutes subpart F income may be eligible for the DRD with respect to such income).

    - incorporating a safe harbor provision under which partners must notify the partnership if there are any U.S. shareholders in the ownership chain, similar to section 4 of Revenue Procedure 2019-40;[7] and

    - confirming that derived basis adjustments and successor PTEP are not partnership-related items subject to BBA reporting and penalties because they are based on the partner's books and records.

- New proposed regulations under section 987 simplifying the determination of taxable income or loss and foreign currency gain or loss with respect to a qualified business unit, including rules consistent with those described in sections 3 through 5 of Notice 2026-17.[8]

General Tax Issues

- Regulations or other published guidance under section 41 addressing the substantiation of research credit claims.

- Regulations or other published guidance under section 7701(o) standardizing and simplifying the application of the economic substance doctrine, including regulations or other published guidance:

    - articulating a clear, administrable standard for determining when the economic substance doctrine is "relevant" to a transaction;

    - clarifying the definition of a "transaction" for purposes of the doctrine; and

    - establishing an ordering rule that limits the use of economic substance when other provisions of the Code already address the tax treatment at issue.

Miscellaneous Excise Taxes

- Final regulations under sections 4661, 4662, 4671, and 4672 relating to the excise taxes imposed on certain chemicals and certain imported substances, also known as the Superfund chemical taxes.

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[7] 2019-40 I.R.B. 982.

[8] 2026-12 I.R.B. 698.

Deregulatory Priorities

The Chamber respectfully recommends that Treasury and the IRS remove or withdraw and fundamentally reconsider the following regulations, each of which is described in one or more paragraphs of section 2(a) of Executive Order 14219.

Rules Regarding Certain Disregarded Payments and Dual Consolidated Losses

The Chamber applauds Treasury and the IRS for publishing Notice 2025-44,[9] announcing their intention to issue proposed regulations that would remove the ill-conceived disregarded payment loss ("DPL") rules under Treas. Reg. § 1.1503(d)-1(d).[10] Those rules were finalized in the waning days of the Biden administration and purport to implement administratively what Congress has not authorized statutorily: U.S. adoption of the OECD GloBE model rules. We encourage Treasury and the IRS to prioritize publication of the forthcoming notice of proposed rulemaking to rescind Treasury Decision 10026.

Guidance Related to the Foreign Tax Credit

The Chamber respectfully renews its recommendation that Treasury and the IRS publish a notice of proposed rulemaking to rescind Treasury Decision 9959 and thereby remove the final foreign tax credit regulations published in January 2022.[11] The 2022 final foreign tax credit regulations have issues with respect to (i) the source-based attribution rules for royalties and services, (ii) the requirement that allocations of income between related parties must be determined under arm's length principles to determine the tax base for foreign taxes imposed on residents of foreign countries; (iii) the inclusion of a per se list of "significant costs and expenses" under the cost recovery requirement; and (iv) the rules for allocating and apportioning foreign income taxes with respect to certain disregarded transactions. Notably, these regulations were largely suspended by Notice 2023-55 pending further study.[12] Nearly three years later, it is incumbent on Treasury and the IRS to address the lingering uncertainty posed by this indefinite administrative suspension and take the next step toward removing these unduly burdensome rules.

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[9] 2025-37 I.R.B. 386.

[10] Rules Regarding Certain Disregarded Payments and Dual Consolidated Losses, T.D. 10026, 90 Fed. Reg. 3003 (Jan. 14, 2025).

[11] Guidance Related to the Foreign Tax Credit; Clarification of Foreign-Derived Intangible Income, T.D. 9959, 87 Fed. Reg. 276 (Jan. 4, 2022) (as corrected by 87 Fed. Reg. 45,018, 45,021 (July 27, 2022)).

[12] 2023-32 I.R.B. 427 (as extended and modified by I.R.S. Notice 2023-80, 2023-52 I.R.B. 1583).

Sourcing of Income from Cloud Transactions

The Chamber likewise renews its recommendation that Treasury and the IRS withdraw and fundamentally reconsider their proposed regulations addressing the source of income derived from cloud computing and digital transactions.[13] The proposed regulations would impose a rigid, formulaic new framework for determining the source of income from such transactions that is largely unmoored to the statutory place-of-performance test. In so doing, the proposed regulations would impose significant administrative and compliance costs on taxpayers that would not be outweighed by any conceivable public benefit. We therefore urge Treasury and the IRS to withdraw them.

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The Chamber appreciates the invitation to provide our recommendations for items to be included on the 2026–2027 Priority Guidance Plan, and we urge Treasury and the IRS to maintain close liaison with the business community throughout the plan year in working on these and other guidance projects. To that end, we would welcome the opportunity to discuss our recommendations with you or your colleagues in further detail and provide whatever additional information you may require. Please contact Sarah Corrigan, U.S. Chamber Tax Counsel, at (202) 680-8008 or SCorrigan@USChamber.com. Thank you for your consideration.

Sincerely,

Watson M. McLeish
Senior Vice President, Tax Policy
U.S. Chamber of Commerce

[13] Source of Income From Cloud Transactions, REG-107420-24, 90 Fed. Reg. 3075 (Jan. 14, 2025).