



FINANCIAL SERVICES

- Insurance Tax Bulletin

PRICEWATERHOUSECOOPERS 

IRS Withdraws Proposed Intercompany Insurance Transactions Regs February 20, 2008

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The IRS today withdrew a portion of the proposed regulations published in September 2007 relating to the treatment of transactions involving the provision of insurance between members of a consolidated group.

Under proposed Reg. Sec. 1.1502-13(e)(2)(ii)(C), certain intercompany insurance transactions would be taken into account on a single entity basis. The IRS decided to withdraw the proposed regulations in response to comments received. According to the IRS, it will "continue to study whether revisions to the rules for intercompany transactions are necessary to clearly reflect the taxable income of consolidated groups."

PwC Observes: The industry came together quickly and publicly to voice their opposition to these proposed regulations. Numerous comment letters were submitted and the IRS acquiesced. Score one for the industry.

For additional information please call Anthony DiGilio at (202) 414-1702 or contact your local insurance tax professional. Please visit us at: <http://www.pwc.com/us/insurance/tax>
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