



TaxNewsFlash

United States

No. 2019-012
January 10, 2019

Accounting for AMT credit refunds resulting from tax reform, effects of sequestration

The Office of Management and Budget (OMB) reportedly has determined that refundable alternative minimum tax (AMT) credit carryforwards are not subject to sequestration.

According to multiple reports, the OMB General Counsel (in consultation with the Treasury Department) has concluded that AMT credit carryforwards that became refundable under a provision of Pub. L. No. 115-97 (the 2017 tax law commonly referred to as the "Tax Cuts and Jobs Act") are not subject to sequestration.

There has been no official release, and it is possible that the ability of the IRS to publish such a determination from OMB has been affected by the partial shutdown of the federal government. Such a determination by the OMB that refundable AMT credit carryforwards are not subject to sequestration would mean that taxpayers claiming refunds would do so without the 6.2% sequestration "haircut" as would have been expected under OMB's prior interpretation of the law. Until this determination is posted by the IRS, companies may wish to consult with their professional advisors about their filing positions.

KPMG observation

Based on the OMB determination (as reported), KPMG LLP has updated Q&A 5.25, *How should companies consider sequestration when accounting for AMT credit refunds resulting from tax reform?*, in its booklet [Tax Reform, Supplement to KPMG's Handbook, Accounting for Income Taxes](#). Q&A 5.25 was updated on January 9, 2019.

The information contained in TaxNewsFlash is not intended to be "written advice concerning one or more Federal tax matters" subject to the requirements of section 10.37(a)(2) of Treasury Department Circular 230, as the content of this document is issued for general informational purposes only, is intended to enhance the reader's knowledge on the matters addressed therein, and is not intended to be applied to any specific reader's particular set of facts. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. Applicability of the information to specific situations should be determined through consultation with your tax adviser.

KPMG International is a Swiss cooperative that serves as a coordinating entity for a network of independent member firms. KPMG International provides no audit or other client services. Such services are provided solely by member firms in their respective geographic areas. KPMG International and its member firms are legally distinct and separate entities. They are not and nothing contained herein shall be construed to place these entities in the relationship of parents, subsidiaries, agents, partners, or joint venturers. No member firm has any authority (actual, apparent, implied or otherwise) to obligate or bind KPMG International or any member firm in any manner whatsoever.

Direct comments, including requests for subscriptions, to [Washington National Tax](#). For more information, contact KPMG's Federal Tax Legislative and Regulatory Services Group at + 1 202.533.4366, 1801 K Street NW, Washington, DC 20006-1301.

To unsubscribe from TaxNewsFlash-United States, reply to [Washington National Tax](#).

[Privacy](#) | [Legal](#)