



# TaxNewsFlash

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## 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.

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