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Regulations on limiting business interest expense deductions under section 163(j); OIRA review completed (COVID-19)

OMB's Office of Information and Regulatory Affairs (OIRA) reported that it has completed its review of final and proposed regulations concerning the limitation on the deduction of business interest under section 163(j).

The 2017 tax law (Pub. L. No. 115-97)—the law that is also referred to as the “Tax Cuts and Jobs Act” (TCJA)—added new section 163(j) to the Code, a provision that generally limits the amount of a taxpayer’s business interest deduction. Subsequently, the “Coronavirus Aid, Relief, and Economic Security Act” (CARES Act) (Pub. L. No. 116-136) made changes to the section 163(j) rules by temporarily loosening the interest deduction limitation.

Treasury regulations that are identified as “major” regulations are subject to review by OMB’s OIRA before being issued, pursuant to Executive Order 13771. OIRA reported it completed review of these regulations on July 10, 2020:

- Final regulations—[RIN: 1545-B073](#): *Rules regarding business interest limitation under section 163(j) [TCJA]*
- Proposed regulations—[RIN: 1545-BP73](#): *Limitation on deduction for business interest expense [TCJA]*

OIRA review of the much-anticipated final section 163(j) regulations (read [TaxNewsFlash](#)) for the business interest expense deduction limitation was completed on January 31, 2020, and review of the proposed section 163(j) regulations (read [TaxNewsFlash](#)) was completed on March 20, 2020. Both sets of regulations were returned to OIRA for follow-up review.

Now that OIRA review has been completed, Treasury and the IRS can be expected to release these final and proposed regulations for publication in the Federal Register—the exact date of publication not being known. It is expected that the final and proposed regulations will be released together.

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