



# TaxNewsFlash

United States



No. 2020-703  
November 18, 2020

## Regulations pending OIRA review: Final regulations under section 451(b)

OMB's Office of Information and Regulatory Affairs (OIRA) has received for review from the U.S. Treasury Department final regulations as guidance under section 451(b)—a provision added to the Code by the 2017 tax law (Pub. L. No. 115-97) or the law that is also known as the "Tax Cuts and Jobs Act" (TCJA).

According to OIRA, the final regulations were received for review on November 17, 2020, and are identified as follows:

- [RIN: 1545-BO68](#): *Section 451(b) requirements [TCJA]*

The final regulations are further described on the OIRA website as follows:

*Final regulations regarding the timing of inclusion in gross income under section 451(b).*

Treasury regulations that are identified as "major" regulations are subject to review by OMB's OIRA before being issued, pursuant to Executive Order 13771. Accordingly, knowing the status of OIRA review of Treasury regulations can help in predicting when regulations may be issued by Treasury and the IRS.

### **Section 451(b), special rules for tax year of inclusion**

Under the 2017 tax law, accrual method taxpayers must recognize income no later than the tax year in which the item is recognized as revenue on an applicable financial statement (i.e., the "all events test" is satisfied no later than the year in which the revenue is recognized for financial accounting purposes).

This book-conformity requirement does not apply, however, either to an item of gross income earned in connection with a mortgage servicing contract, or to any item of gross income for which the taxpayer uses a special method of accounting provided under any other provision of the Code, except for the various rules for debt instruments contained in sections 1271-1288 concerning the rules for original issue discount (OID), discount on short-term obligations, market discount, and stripped bonds and coupons.

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.

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