



# TaxNewsFlash

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## Final regulations under section 451(b), OIRA review completed

OMB's Office of Information and Regulatory Affairs (OIRA) reported it has completed its review of 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).

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.

According to OIRA, review of the final regulations was completed on December 11, 2020:

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

These regulations are described on the OIRA website as follows:

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

### **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.

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