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Final regulations on limiting business interest expense deductions under section 163(j), OIRA review completed

OMB's Office of Information and Regulatory Affairs (OIRA) reported that it has completed its review of final regulations concerning the limitation on the deduction of business interest expense 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, 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. 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 30, 2020:

- [RIN: 1545-BP73](#): *Limitation on deduction for business interest expense [TCJA]*

Proposed regulations under section 163(j) were released by the IRS in July 2020 and then ultimately published in the Federal Register in early September 2020. Read KPMG's initial analysis and guidance about the section 163(j) regulations: [TaxNewsFlash](#)

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