

September 27, 2018

Treasury, IRS Notice Indicates Forthcoming Section 451(b) Market Discount Guidance

On Sept. 27, the Treasury Department and Internal Revenue Service released [Notice 2018-80](#), indicating that it will issue proposed regulations that will address the applicability of Section 451(b) to market discount as defined in section 1278(a)(2). The Notice states that the proposed regulations will provide that accrued market discount is not includible in income under section 451(b). The Notice further provides that the guidance will be applicable as of January 1, 2018.

Section 451(b) was added to the Internal Revenue Code as part of section 13221 of the *Tax Cuts and Jobs Act*, and mandates that the all events test is met with respect to an item of gross income no later than when the taxpayer takes the item into account as revenue for financial accounting purposes in an “applicable financial statement.”

A copy of the notice is attached.