

NCCIA

NC Captive Insurance Association

(Southern Pines)...**IRS Bows to Pressure.** In early January the IRS and Treasury Department bowed to pressure from members of Congress, captive owners, managers, state captive insurance associations including NCCIA, the SIIA and the captive insurance industry and released a new Notice 2017-08 modifying it's earlier Notice 2016-66. The new Notice grants an extension and modifies the time of disclosure, by taxpayers and participants in micro-captive transactions.

The IRS has changed the January 30, 2017 compliance date from January 30, 2017 to May 1, 2017 creating a 90 day extension to comply with the terms of the earlier Notice. For "material advisors" required to file a "Disclosure Statement" with respect to a covered transaction, that transaction will now be considered timely if the material the advisor files for disclosure with the Office of Tax Shelter Analysis by May 1, 2017.

NCCIA Immediate Past Chairman Jesse Coyle wrote the Office of Chief Counsel of the IRS in November to request an extension of the January 30 filing requirements on behalf of NCCIA members. The association's Government Affairs Committee chaired by Mickey Payseur, has remained in weekly contact with Senator Richard Burr (R-NC) and Congressman George Holding (R-NC 2). These two legislators are on committees likely to impact a potential rescission of the proposed regulation. They also asked the IRS and Treasury to roll back the original Notice 2016-66.

NCCIA believes there are still problems with the original Notice as it's issuance might not have complied with the Federal Administrative Procedures Act (APA). Your NCCIA is now urging Congress to address the outright rescission of Notice of 2016-66 as part of a bill expected to address a number of "last minute" regulations either approved or pending in the closing days of the Obama administration and expected to be considered by Congress this month.