



LIBOR Transition to Alternative Rates — Tax Treatment under Proposed Regulations

January 28, 2020 | Issue No. 8

On October 8, 2019, the U.S. Treasury Department and IRS issued proposed regulations confirming that transitions from LIBOR and other interbank offered rates (IBORs) to alternative reference rates in debt instruments and derivatives will not be taxable events, provided that the fair market value of the modified contract is substantially equivalent to the fair market value of the unmodified contract (fair market value test). Further discussion and analysis of the proposed regulations and the fair market value test can be found [here](#).