Comments on
Corporate Alternative Minimum Tax Notice
2025-46 and 2025-49

Alliance for Competitive Taxation

November 26, 2025

Contents

I. Introduction

The Alliance for Competitive Taxation ("ACT") is a coalition of leading American companies from a wide range of industries that supports a globally competitive corporate tax system. A list of ACT member companies is included in Section XII of this submission.

The Department of the Treasury ("Treasury") and the Internal Revenue Service ("IRS") issued Notices 2025-46 and 2025-49 to provide interim guidance and taxpayer reliance rules under the Corporate Alternative Minimum Tax ("CAMT") enacted by the Inflation Reduction Act. Notice 2025-49 invites public comment on the design and implementation of part of the forthcoming proposed regulations.

ACT appreciates and acknowledges the positive steps taken in the notices to simplify the CAMT framework and enhance taxpayer clarity through interim guidance. These actions demonstrate Treasury's commitment to improving administrability while continuing to align the CAMT with its statutory intent.

ACT welcomes the opportunity to provide further input to ensure that CAMT regulations remain consistent with the law, administrable in practice, and aligned with Congressional intent to impose a minimum tax on true economic income without creating unnecessary complexity or distortions.

Thank you for your consideration of these recommendations. ACT representatives would be happy to discuss any of the items described herein at your convenience.

II. Specified Regulations

Issue:

Notice 2025-49 generally provides that taxpayers may rely on any section of the corporate alternative minimum tax ("CAMT") proposed regulations. However, Notice 2025-49 provides that a taxpayer may rely on Prop. Reg. 1.56A-4 (AFSI adjustments and basis determinations with respect to foreign corporations) or 1.56A-6 (AFSI adjustments with respect to CFCs) only if the taxpayer also consistently follows Prop. Reg. § 1.56A-8 and § 1.59-4. Prop. Reg. § 1.56A-8 provides rules related to AFSI adjustments for certain foreign and Federal taxes and Prop. Reg. § 1.59-4 provides rules with respect to the CAMT foreign tax credit.

Recommendation:

Remove the requirement to follow Prop. Reg. § 1.56A-8 and § 1.59-4 when applying either Prop. Reg. § 1.56A-4 or § 1.56A-6.

Rationale:

Prop. Reg. § 1.56A-4 and § 1.56A-6 provide important rules that eliminate inappropriate double taxation of income related to distributions from foreign corporations. Prop. Reg. § 1.56A-8 and § 1.59-4 both contain rules that would apply to domestic corporations in a manner that is unrelated to their investments in foreign corporations or CFCs. For example, Prop. Reg. § 1.59-4 also applies to foreign taxes directly paid by domestic corporations. Taxpayers should not be required to adopt additional proposed regulation sections that address unrelated issues in order to obtain the relief from double taxation provided in Prop. Reg. § 1.56A-4 or § 1.56A-6.

III. Purchase Accounting and Push Down Accounting

Issue:

Proposed Treas. Reg. §1.56A-4(d)(4) disregards any purchase accounting and/or push down accounting adjustments, as applicable, arising from a CAMT entity's acquisition of the stock of a foreign corporation in determination of the foreign corporation's CAMT basis in its assets. Similarly, Proposed Treas. Reg. §1.56A-18(c)(3) provides a similar rule with respect to an acquisition of the stock of a domestic corporation (together with Proposed Treas. Reg. §1.56A4(d)(4), the "Purchase/Push Down Accounting Rule").

Similarly, Notice 2025-46 provides a similar rule that purchase accounting and push-down accounting are generally disregarded for purposes of determining CAMT basis and adjusted financial statement income ("AFSI") for a CAMT entity when it acquires stock of a domestic corporation.

Recommendation:

Treasury and the IRS should eliminate the Purchase / Push Down Accounting Rule.

Rationale:

CAMT is intended to be computed based on financial statement income with minimal adjustments. The Purchase/Push Down Accounting Rule is a significant departure from general financial accounting rules and gives rise to significant administrative and compliance burdens.

IV. Certain Expenditures Treated Differently for Book Purposes and for Regular Tax Purposes

Issue:

The CAMT proposed regulations do not permit taxpayers to adjust AFSI for certain significant costs to align AFSI treatment with regular-tax treatment where the two differ as the result of the mechanical application of the accounting rules to ordinary business transactions [and not the excessive or abusive use of the tax deductions, credits or other allowances]. This affects, among other items, repair costs, section 197 goodwill, and section 181 film and television production costs, which are deductible or amortizable for tax but capitalized or treated differently for book purposes. These mismatches distort the computation of AFSI and can inappropriately affect investment and operating decisions.

Notice 2025-49 provides limited relief for "eligible goodwill" under section 197, but the scope of that relief is too narrow. It excludes other indefinite-lived intangibles (such as trademarks, trade names, and perpetual brand rights) that create the same type of book-tax mismatch. Moreover, the October 28 2021, cut-off date for qualifying transactions results in arbitrary distinctions between otherwise similarly situated taxpayers based on a date that is not related to any underlying policy rationale.

In addition, Notice 2025-49 provides limited relief for repairs expenditures incurred by certain regulated entities. Specifically, Notice 2025-49 provides an AFSI adjustment for repairs expenditures incurred by CAMT entities with regulated operations that are required to apply Accounting Standards Codification (ASC) 980.

IV. Certain Expenditures Treated Differently for Book Purposes and for Regular Tax Purposes (cont'd)

Recommendation:

Revise the CAMT proposed regulations to permit taxpayers to deduct from AFSI the following expenditures that are treated differently for book and regular-tax purposes: tax-deductible repair expenses for all taxpayers regardless of industry, all section 197 amortization (without a cut-off date), and section 181 film and television expenses.

Rationale:

Allowing these items to be deducted in determining AFSI would be consistent with Congressional intent and previously issued guidance by the Treasury and IRS recognizing the principle that CAMT should not apply to book-tax differences resulting from the mechanical application of the accounting rules to ordinary business transactions.

V. Section 174/174A / CAMT Coordination

Issue:

Neither the CAMT statute nor Notice 2025-46 or Notice 2025-49 addresses the impact of any provisions enacted as part of *One Big Beautiful Bill Act (OBBBA)*. In particular, many taxpayers are finding themselves subject to CAMT solely as a result of the immediate expensing of domestic research and experimentation ("DR&E") costs under section 174A as well as the "catch-up" adjustment for unamortized specified research and experimentation ("SR&E") costs that may be deducted either entirely in the first tax year beginning after December 31, 2024, or ratably over the two taxable year period beginning with the first taxable year ending after December 31, 2024.

Recommendation:

Treasury should use its authority under §56A(c)(15) and §70302(f)(2)(C) of the OBBBA to provide an AFSI adjustment for tax years beginning after December 31, 2024, attributable to DR&E deductions, continued amortization of SR&E expenditures and any SR&E catch-up adjustment.

Rationale:

This targeted adjustment would restore Congressional intent to provide taxpayers immediate tax incentives from performing research and experimentation activities in the United States and would eliminate a CAMT liability arising solely from the transition to §174A.

VI. CAMT Stock-Based Compensation Adjustment

Issue:

The CAMT framework does not currently permit or require an adjustment for stock-based compensation in computing AFSI. Because financial reporting and tax recognition timing for stock-based awards differ materially, AFSI may not reflect the true economic cost or timing of these awards resulting in volatility in the determination of CAMT liability.

Recommendation:

ACT recommends that Treasury and the IRS provide guidance under § 56A(c)(15) allowing taxpayers to adjust AFSI for stock-based compensation based on either:

- The financial-statement fair-value expense recognized for the award, or
- The tax-deductible amount determined under regular-tax principles.

Rationale:

This adjustment would ensure AFSI more accurately reflects economic income.

VII. Pre-2020 NOLs – Pension, Wireless, IDC, and Similar Deductions

Issue:

Notice 2025-49, Section 7 provides that taxpayers may make a favorable AFSI adjustment for certain pre-2020 tax-depreciation expenses that gave rise to net operating losses (NOLs). Specifically, the notice allows a reduction to AFSI for the portion of an NOL deduction attributable to historical § 168 depreciation, recognizing that the same depreciation costs were already reflected in financial-statement income before the CAMT became effective

This adjustment appropriately prevents double taxation of pre-effective-date costs. However, the notice does not extend similar relief to other categories of pre-2020 deductions—such as pension contributions, wireless-spectrum amortization, intangible drilling costs (IDCs), and comparable long-term expenditures—that produced pre-2020 NOLs through timing differences in the same manner as depreciation.

Recommendation:

ACT recommends that Treasury and the IRS should expand the scope of the relief in Notice 2025-49 to cover other pre-2020 NOL components that reflect the timing-differences of items that, like § 168 depreciation, are already statutory AFSI adjustments, including pension, wireless-spectrum amortization, IDC, and any other similar items.

Rationale:

By extending the AFSI reduction framework of Section 7 of Notice 2025-49 to these other categories, Treasury would ensure consistent treatment of all pre-2020 timing-difference NOLs. The omission of these analogous items results in asymmetric treatment among taxpayers whose pre-2020 NOLs arise from economically similar deductions.

VIII. Goodwill AFSI Adjustment

Issue:

The proposed regulations do not explicitly confirm that goodwill deductions and worthlessness losses in respect of eligible § 197 intangibles are treated consistently for AFSI purposes. For example, under the current language of Notice 2025-49, a taxpayer disposing of goodwill in a year it first relies on the Notice might be precluded from taking an AFSI adjustment in that same year—despite Section 9.05 of the Notice intending such adjustment. Similarly, worthlessness deductions on goodwill under § 197(f)(1)(A) should be treated as dispositions eligible for AFSI adjustment.

Recommendation:

The regulations should explicitly provide that an AFSI adjustment for goodwill is permitted in the year of disposition, even if that year is the first in which a taxpayer relies on the Notice (i.e., Section 9.05 should apply regardless of whether an adjustment under 9.04 was made in prior years). To prevent double counting, taxpayers may recompute prior-year AFSI where necessary. Furthermore, a worthlessness deduction with respect to eligible goodwill should be treated as a disposition for purposes of AFSI adjustments, consistent with § 197(f)(1)(A).

Rationale:

Different rules should not apply to the disposition of eligible goodwill based on whether a taxpayer begins to rely on Section 9 of the Notice in the tax year of the disposition or in an earlier tax year. Implementing this recommendation will eliminate this inconsistent treatment.

IX. "Mark-and-Spread" AFSI Adjustment

Issues: Section 5 of Notice 2025-49 provides a fair value item ("FVI") option under which a CAMT entity may adjust AFSI for a taxable year to disregard a fair value measurement adjustment for a fair value item for that taxable year if the CAMT entity does not mark to market the fair value item for tax purposes. Section 5 provides sections 475 and 1256 as examples of situations where a taxpayer has marked an item to market for tax purposes. However, the rules under this section of Notice 2025-49 are silent on whether hedges of aggregate risks that are marked-and-spread under Treas. Reg. § 1.446-4(e) for tax purposes should be treated as marked to market for tax purposes in this context.

This ambiguity could inappropriately limit the scope of the FVI option, particularly for insurance and financial-services taxpayers using hedge accounting or managing intangible-asset write-offs through long-term contracts.

Recommendation:

For hedges of aggregate risks subject to mark-and-spread treatment under Treas. Reg. § 1.446-4(e), Treasury should clarify that the FVI option applies so that taxpayers may adjust AFSI to disregard fair value adjustments related to these hedges.

Rationale:

The mark-and-spread methodology under Treas. Reg. § 1.446-4(e) marks hedging transactions to market but then takes the income, deduction, gain, or loss attributable to those marks into account over the period for which the hedging transactions are intended to reduce risk. This generally results in the marks being taken into account over several tax years. Because the marks may be spread over multiple tax years, unlike the mark-to-market rules under sections 475 and 1256 which take into account the entire mark each tax year, these hedges should not be treated as marked-to-market for tax purposes and should thus be eligible for the FVI option rules.

X. CAMT foreign tax credit

Issue:

The CAMT proposed regulations severely limit the availability of a CAMT foreign tax credit ("FTC") by excluding foreign income tax for which a credit is disallowed or suspended for regular tax purposes under sections 245A(d) and (e)(3), 901(e) and (f), 901(i) through (m), 907, 908, 909, 965(g), 999, and 6038(c) of the Code. Notice 2025-49 removed the application of section 245A(d) but did not otherwise change these limitations. This proposed adoption of the regular tax FTC disallowance and suspension rules is contrary to the statutory framework and may inappropriately increase a taxpayer's CAMT liability.

Recommendation:

Revise the CAMT proposed regulations to remove the proposed application of the remaining regular tax FTC disallowance and suspension rules to the CAMT FTC.

Rationale:

The CAMT statute does not provide that any of these limitations apply to the CAMT FTC. Applying these limitations is inconsistent with the CAMT statute and results in the inappropriate denial of CAMT FTCs.

XI. Rule Requiring Adjustments for Section 482 Principles

Issue:

Proposed Treas. Reg. §1.56A-26(d) provides that, for purposes of determining AFSI, if any item of income, expense, gain, or loss reflected in the FSI of the CAMT entity with respect to a controlled transaction or controlled transfer (as defined in Prop. Treas. Reg. §1.482–1(i)(8)) between two or more CAMT entities does not reflect the principles of section 482 and the regulations under section 482, then the CAMT entity must make appropriate adjustments to CAMT basis to reflect these principles (the "482 Rule"). For example, if one CAMT entity sold to another CAMT entity an asset in a controlled transaction in a non-arm's length transaction, the AFSI implications from the sale would be determined under arm's length standards, a tax concept and not a financial accounting concept.

Recommendation:

Treasury and the IRS should eliminate the 482 Rule.

Rationale:

Given that CAMT is intended to be computed based on financial statement income with minimal adjustments, we believe it is not necessary to impose upon the financial accounting rules the tax concepts under section 482.

XII. ACT Member Companies

3M
Abbott Laboratories
ADP
American Express Company
Bank of America Corp.
The Boeing Company
Boston Scientific Corp.
Carrier Global Corp.
Caterpillar Inc.
Chevron Corporation
Cisco Systems, Inc.
The Coca-Cola Company
Corteva Inc.
Danaher Corporation
Dell Technologies, Inc.
The Dow Chemical Company
DuPont
Eli Lilly and Company
Emerson Electric Co.
Exxon Mobil Corporation
GE Aerospace
GE Vernova Inc.
General Mills Inc.
Google, Inc.
The Home Depot Inc.
Honeywell International Inc.
IBM Corporation
Johnson & Johnson
Johnson Controls, Inc.
JPMorgan Chase & Co.
Kenvue Inc.
Kimberly-Clark
MasterCard Inc.
McCormick & Company, Inc.
Morgan Stanley
Oracle Corporation
Otis Worldwide Corp.
PepsiCo, Inc.
Procter & Gamble Co.
Prudential Financial Inc.
RTX Corporation
S&P Global Inc.
State Street Corporation
Texas Instruments, Inc.
United Parcel Service, Inc.
Verizon Communications Inc.
Walmart Inc.
The Walt Disney Company