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United States: Navigating the Web of Not-Yet-Final CAMT Guidance

In brief

Since the enactment of the Corporate Alternative Minimum Tax (CAMT) in 2022, Treasury and the IRS have issued several pieces of interim and proposed guidance. Notably, Treasury and the IRS released lengthy proposed CAMT regulations ("**Proposed Regulations**") in September 2024 (for more information about the Proposed Regs, see our alert "IRS releases long-awaited proposed CAMT regulations"). On September 30, 2025, Treasury and the IRS issued Notice 2025-46 and Notice 2025-49, which partially withdraw the Proposed Regulations. In this alert, we will analyze the impact of Notices 2025-46 and 2025-49 on prior interim guidance, with a focus on the extent to which taxpayers may rely on the various layers of guidance.

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Key takeaways

- Treasury and the IRS have not yet issued final CAMT regulations but have issued more than 10 Notices providing interim guidance, waiving penalties, and adjusting compliance deadlines – and, notably, recently walking back key aspects of the Proposed Regulations.
- Taxpayers must decide if/how they will apply the non-binding guidance at their disposal. Critical considerations include:
  - Whether to rely on the CAMT Notices, and, if so, whether they can be relied upon for a particular taxable year
  - Whether to apply the Proposed Regulations instead of the CAMT Notices
  - Whether reliance on the CAMT Notices or Proposed Regulations triggers any reliance rules that contain additional obligations
  - If applying neither the CAMT Notices nor the Proposed Regulations, whether the selected approach is reasonable
- Taxpayers must include with their Form 4626 a statement describing the approach taken in completing the Form 4626 for the taxable year, specifically noting the guidance the taxpayer relied upon for that year.

In more detail

In remarks to the New York State Bar Association's Tax Section on January 13, 2026, Deputy Assistant Secretary for Tax Policy Kevin Salinger made two key announcements regarding future CAMT guidance. First, the Trump administration plans to re-propose the CAMT regulations in late 2026, with the goal of finalizing the regulations in 2027. Second: yet another CAMT Notice will be released in the near future – though this is anticipated to be the final Notice prior to the issuance of new Proposed Regulations. This announcement confirms that taxpayers should anticipate yet another year without final regulations. This also means another year of navigating a complex web of interim CAMT guidance.

Notices 2025-46 and 2025-49 are the latest additions to that web of interim and proposed CAMT guidance. Treasury and the IRS have released CAMT guidance in piecemeal fashion, addressing the multitude of issues stemming from the complex taxing provision in tranches. Each iteration of CAMT guidance has seemingly amended and/or replaced prior Notices. Notices 2025-46 and 2025-49 add to this complexity by walking back large portions of the Proposed Regulations.

Neither the CAMT Notices nor the Proposed Regulations are binding on taxpayers. Prior to finalization, taxpayers may, in some cases, rely on Proposed Regulations and Notices. Treasury and the IRS can limit taxpayers' reliance on proposed and interim rules to particular taxable years. Treasury and the IRS have also utilized reliance rules that require taxpayers to apply certain sets of provisions together, presumably to avoid selective application of rules meant to work together. With this in mind, taxpayers have options for how to navigate the interim and proposed CAMT guidance at their disposal. Taxpayers may rely on the CAMT Notices and/or the Proposed Regulations, within the limits of the relevant reliance rules and applicability dates. Or, taxpayers can choose to follow neither.

Initial CAMT Notices

Before issuing Notices 2025-46 and 2025-49, Treasury and the IRS released a series of Notices beginning in 2023, starting with Notice 2023-7 (providing initial guidance on various issues including nonrecognition transactions, consolidated groups and depreciation deductions), as modified by certain Notices in 2024. Notice 2023-7 was subsequently modified and clarified by Notice 2023-64 (providing guidance on the applicable financial statement, consolidated groups, and foreign corporations, among other items), which was in turn modified by Notice 2024-10 (focusing on distributions from Controlled Foreign Corporations (CFCs)). Treasury and the IRS also issued Notice 2023-20, which provided interim guidance on insurance-related issues with respect to Adjusted Financial Statement Income (AFSI).

The Proposed Regulations, issued in September of 2024, included reliance provisions detailing when and how taxpayers could rely on the Proposed Regulations and prior Notices. In general, taxpayers may rely on the CAMT Notices issued prior to the Proposed Regulations for taxable years ending, and distributions made, on or before September 13, 2024, the day the Proposed Regulations were issued. See the following table for which parts of the CAMT Notices may be relied upon and for which taxable years:

CAMT Notice Sections	Taxable years in which reliance is allowed
Sections 3 through 7 of Notice 2023-7, as modified by Notice 2023-64 Sections 3 through 5 of Notice 2023-20 Sections 3 through 14 of Notice 2023-64	Taxable years ending on or before 9/13/24
Section 3 of Notice 2024-10	With respect to "Covered CFC Distributions" received on or before 9/13/24
Section 4.02(5)(b) and section 6.02 of Notice 2023-64, as modified by Notice 2024-10 Section 4.04 of Notice 2024-10	Taxable years ending before 9/13/24

The Proposed Regulations

The Proposed Regulations established different applicability dates for different portions of the regulations. The first set of regulations applies to taxable years ending after September 13, 2024. A second set applies to taxable years ending after the date when final regulations are published in the Federal Register. A third set applies to taxable years ending after September 13, 2024, and on or before publication of the final regulations. And finally, certain provisions apply to consolidated return years for which the date of the income tax return (without extensions) is after the publication of the final regulations. See below for a summary of the provisions which fall into each of these four categories:

Proposed Regs Sections	Applicability date
Prop Treas. Regs. §§ 1.56A-1 through -4; 1.56A-6 through -11; 1.56A-13, -14, -17, -26, and -27; 1.59-2 through 1.59-4	Taxable years beginning after 9/13/24
Prop Treas. Regs. §§ 1.56A-5 (other than 1.56A-5(l)(2)(ii) and (iii); -12, -15, -16; -18 through -25	Taxable years ending after the date of publication of the final regulations in the Federal Register
Prop Treas. Regs. §§ 1.56A-5(l)(2)(ii) and (iii)	Taxable years ending after 9/13/24 and on or before the date of publication of the final regulations in the Federal Register
Prop Treas. Regs. §§1.1502-2, -53, and –56A	Consolidated return years for which the date of the income tax return (without extensions) is after the date of publication of the final regulations in the Federal Register

The Proposed Regulations establish a series of reliance rules that allow taxpayers to rely on portions of the Proposed Regulations – but only if the taxpayer and certain related parties do so in a consistent manner.

Reliance rule for pre-September 13, 2024 tax years

The first reliance rule allows taxpayers to apply a portion of the Proposed Regulations to taxable years ending on or before September 13, 2024. This rule applies only to the "Specified Regulations," which is defined to include Prop Treas. Regs. §§ 1.56A-1 through -4; 1.56A-6 through -11; 1.56A-13, -14, -17, -26, and -27; 1.59-2 through 1.59-4, together with Prop Treas. Regs. §§ 1.56A-5(l)(2)(ii) and (iii). Under this reliance rule, taxpayers may rely on the Specified Regulations for pre-September 13, 2024 taxable years, provided that the taxpayer, and each member of its "test group" under Prop Treas. Reg. § 1.59-2 for that taxable year, consistently follows all of the Specified Regulations in their entirety in that taxable year and each subsequent taxable year until the first taxable year for which the final regulations will be applicable. This reliance rule clarifies that, to apply Proposed Regulations sections 1.56A-4 and -6, which focus on certain transfers, to transfers occurring on or before September 13, 2024, the taxpayer and its test group must (1) apply sections 1.56A-4 and -6 consistently for all such transfers occurring on or before September 13, 2024, and (2) rely on the Specified Regulations.

The taxpayer's "test group" is defined in Prop Treas. Reg. § 1.59-2(b)(6) to include the corporation and all persons that are treated as related to such corporation under the "relevant relationship criteria." The relevant relationship criteria refers to the relevant aggregation rules for corporations or Foreign-Parented Multinational Groups (FPMG) for purposes of determining AFSI and conducting the average annual AFSI test. This reliance rule requires the taxpayer to take into account any changes to its test group in subsequent taxable years, meaning that new members of the test group must also consistently apply the Specified Regulations until the final regulations go into effect.

Reliance rule for post-September 13, 2024 tax years

Separately, the Proposed Regulations allow taxpayers to rely on one or more other sections of the Proposed Regulations (i.e., the provisions other than the "Specified Regulations") for any taxable year ending on or before the publication of the final regulations, provided that the taxpayer and each member of its test group consistently follow a particular section in its entirety and also follow all of the Specified Regulations in their entirety in that taxable year and each subsequent taxable year until the final regulations are in effect. That said, if a taxpayer seeks to rely on any of Prop Treas. Regs. §§ 1.56A-18, -19, or -21 in any taxable year, the taxpayer and members of its tested group must rely on each of those sections in their entirety. Further, a taxpayer may not rely on Prop Treas. Reg. § 1.56A-5 (aside from proposed section 1.56A-5(l)(2)(ii) and (iii)) or Prop Treas. Reg. § 1.56A-20 unless the taxpayer and its test group relies on both sections in their entirety.

Further CAMT guidance

After issuance of the Proposed Regulations, Treasury and the IRS issued two additional Notices. Notice 2025-27 provided an interim simplified method for determining applicable corporation status. For more analysis of Notice 2024-27, please see our alert, "600 pages was not enough – Notice 2025-27 provides further CAMT guidance." Notice 2025-28 provides guidance aimed at simplifying the application of CAMT to partnerships.

Taxpayers may rely on the interim simplified method in Notice 2025-27 for any taxable year ending on or before the date which final regulations adopting the simplified method are published in the Federal Register. Notice 2025-28 provides that taxpayers may rely on sections 3 through 7 of that Notice for taxable years beginning before the date of publication of the forthcoming Proposed Regulations.

Treasury and the IRS have also repeatedly postponed the application of additions to tax under section 6655, as well as penalties for failure to pay estimated taxes, with respect to CAMT liability. Notice 2025-27, the latest extension, provides relief for tax years beginning after December 31, 2024, and before January 1, 2026.

Notice 2025-46 and Notice 2025-49

In Notice 2025-46 and Notice 2025-49, Treasury and the IRS note their intent to partially withdraw certain portions of the Proposed Regulations. These Notices also provide interim guidance that Treasury and the IRS intend to memorialize in forthcoming Proposed Regulations.

Notice 2025-46 focuses on Prop Treas. Regs. §§ 1.56A-18 and -19 regarding domestic corporate transactions, Prop Treas. Reg. § 1.56A-21 regarding troubled companies, Prop Treas. Reg. § 1.1502-56A regarding consolidated groups, and Prop Treas. Reg. § 1.56A-23(e) regarding Financial Statement Net Operating Losses (FSNOLs). Treasury and the IRS indicated that the new guidance "would reduce the compliance burdens and costs associated with the application of the CAMT" to the areas addressed in the guidance.

Notice 2025-49 focuses on adjustments to AFSI. Specifically, Sections 3 through 10 of Notice 2025-49 focus on the following aspects of AFSI adjustments:

- Section 3 – applicability dates and reliance rules
- Section 4 – AFSI adjustments for taxpayers with regulated operations that capitalize certain costs as regulatory assets under ASC 980
- Section 5 – AFSI adjustments for certain items measured at fair value
- Section 6 – AFSI adjustments for CAMT entities subject to the tonnage tax regime
- Section 7 – AFSI adjustments for certain depreciation deductions that previously gave rise to a carryover of a NOL
- Section 8 – AFSI adjustments for nonlife insurance companies that carry back an NOL for regular tax purposes
- Section 9 – AFSI adjustments for section 197 amortization attributable to tax goodwill acquired in certain transactions
- Section 10 – AFSI adjustments for accounting principle change adjustments and restatements of prior-year AFS

Applicability and reliance after new notices

Notice 2025-46 notes that the forthcoming regulations that would implement the interim guidance in the Notice will provide rules that will apply for taxable years beginning on or after the date final regulations are published in the Federal Register. Prior to publication of the final regulations, taxpayers may rely on the interim guidance in Notice 2025-46. The Notice highlights that reliance on Notice 2025-46 "will not cause the corporation to become subject to, or to violate, the reliance rules, including the consistency requirements" in the Proposed Regulations. Thus, a taxpayer may rely on the interim guidance in Notice 2025-46 for a particular year without ensuring that all members of its test group do so as well, and without being required to apply such guidance unless and until final regulations are issued.

Notice 2025-49 notes that Treasury and the IRS have reconsidered and intend to issue new proposed applicability dates and reliance rules in the forthcoming Proposed Regulations. Specifically, the forthcoming regulations will provide that no section of the Proposed Regulations or forthcoming Proposed Regulations would be applicable for any taxable year beginning before the publication of the final regulations. Further, Notice 2025-49 includes streamlined reliance rules. The Notice provides that a taxpayer may rely on **any** section of the Proposed Regulations for taxable years beginning before the date on which final regulations are published in the Federal Register, provided that the taxpayer consistently follows that section in its entirety for all such taxable years beginning with the first year of reliance. Further, taxpayers may rely on the Proposed Regulations, as modified by subsequent guidance (including Notices 2025-46 and 2025-49), for taxable years beginning before the publication of the forthcoming Proposed Regulations, provided that the taxpayer consistently follows such guidance in its entirety for all such taxable years, beginning with the first year of reliance.

Though Notice 2025-49 does streamline the reliance rules, particularly by eliminating different categories of regulations and the disparate applicability dates, it does create certain caveats. The first relates to reliance on Prop Treas. Regs. §§ 1.56A-4 and -6, which provide guidance on AFSI adjustments and basis determinations with respect to foreign corporations and AFSI adjustments with respect to CFCs, respectively. A taxpayer may rely on these provisions (unmodified by Notice 2025-49), provided that the taxpayer:

- Consistently follows Prop Treas. Regs. §§ 1.56A-8 (AFSI adjustments for certain federal and foreign income taxes) and 1.59-4 (CAMT foreign tax credit) for such taxable years; and
- Consistently follows each of Prop Treas. Reg. § 1.56A-4 or § 1.56A-6 (as applicable), Prop Treas. Reg. § 1.56A-8, and Prop Treas. Reg. § 1.59-4 in their entirety for all such taxable years beginning with the first year of reliance.

In addition, Notice 2025-49 provides that a taxpayer may rely on Prop Treas. Reg. § 1.59-4 to treat a tax that would otherwise not qualify as an eligible tax (solely due to the applicability of section 245A(d)) as an eligible tax for purposes of Prop Treas. Reg. § 1.59-4 if the tax is a foreign income tax paid or accrued by the taxpayer with respect to a dividend received (or treated as received under section 245A) from a CFC.

Notice 2025-49 also clarifies that taxpayers may rely on the interim guidance in Notices 2025-27 and 2025-28 without being subject to the reliance rules and consistency requirements in the Proposed Regulations. Thus, taxpayers can rely on Notices 2025-27 and 2025-28 without triggering any additional obligation to also comply with parts of the Proposed Regulations or CAMT Notices.

Finally, Notice 2025-49 requires taxpayers to include with their Form 4626 a statement describing the approach taken in completing the Form 4626 for the taxable year, specifically noting the guidance the taxpayer relied upon for that year.

In light of Treasury and the IRS's piecemeal guidance (and stated intent to re-propose the CAMT regulations), it should be noted that case law allows taxpayers to take reasonable approaches in the absence of specific, final guidance from Treasury. In Gottesman v. Commissioner,[1] the Tax Court held that the taxpayer's approach to calculating consolidated accumulated taxable income was reasonable, and, in the absence of controlling Treasury guidance, must be respected. There, the taxpayer determined its approach in light of several sets of Proposed Regulations, as well as withdrawn final regulations. The Tax Court stated "we cannot fault petitioner for not knowing what the law was in this area when the Commissioner, charged by Congress to announce the law . . . never decided what it was himself."[2] As in Gottesman, taxpayers are now similarly faced with multiple sets of inconsistent administrative guidance on CAMT, none of which are final, and therefore are allowed to take reasonable positions based on such guidance or simply the statute itself.

[1] 77 T.C. 1149 (1981).

[2] Id. at 1157.

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