The IRS recently released proposed regulations under section 861 that address digital transactions. This Bottom Line videocast discusses:

- the proposed expansion of the scope of existing Treas. Reg. § 1.861-18, which focuses on the classification of transactions involving computer programs, to apply to all transfers of “digital content”;

- the sourcing rules applicable to such transfers; and

- Prop. Treas. Reg. § 1.861-19, which provides guidelines for classifying cloud transactions as either services or a lease.

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Videocast: Treasury and IRS release proposed regulations addressing the classification of digital transactions

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