



CAL DOOLEY
PRESIDENT AND CEO

VIA FIRST CLASS MAIL

May 11, 2018

The Honorable David J. Kautter
Assistant Secretary for Tax Policy
U.S. Department of Treasury
1500 Pennsylvania Avenue, NW
Washington, DC 20220

Mr. Thomas C. West, Jr.
Tax Legislative Counsel
U.S. Department of Treasury
1500 Pennsylvania Avenue, NW Room 3044
Washington DC 20220

Re: Section 385 Documentation Rules

Dear Mr. Kautter and Mr. West:

The American Chemistry Council (ACC) applauds the efforts of the U.S. Department of Treasury to review regulations that are unduly burdening taxpayers. Specifically, we welcomed Treasury's recommended actions announced in October 2017 as contained in the "Second Report to the President on Identifying and Reducing Tax Regulatory Burdens" (the "Report") in furtherance of Executive Order 13789 as they pertained to the Section 385 documentation regulations.

In the Report, Treasury announced that it is actively considering a proposal to revoke the Section 385 documentation regulations otherwise slated to go into effect for interests issued or deemed issued on or after January 1, 2019. We are writing today to express our concerns about this rapidly approaching effective date. Notwithstanding the Treasury recommendation, no official action has been taken to revoke the documentation regulations.

The documentation regulations apply to essentially all ordinary intercompany transactions, even routine trade payables arising from purchases, services, and expense reimbursements. Developing and installing the processes and systems necessary to comply with the required elements of the debt instruments, including the analyses of the ability of each affiliate to repay would be an enormous, expensive undertaking for large multinationals—and nearly impossible to complete by January 1, 2019. If the documentation regulations were to become effective, multinationals would need to budget and start planning for process and IT changes now.



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Given the lead time to develop the necessary processes and systems to comply with the documentation regulations, we urge you to take immediate, official action to revoke the regulations.

Thank you for your consideration.

Sincerely,



Cal Dooley

cc: Mr. Brett York
Associate International Tax Counsel
U.S. Department of the Treasury
Washington, DC 20220