

# Congress of the United States

Washington, DC 20515

July 23, 2025

The Honorable William Long  
Commissioner  
Internal Revenue Service  
1111 Constitution Avenue, NW  
Washington, D.C. 20224

Dear Commissioner Long,

We write to express our concern regarding *Revenue Ruling 2024-14* and the tax uncertainty it has created for law-abiding taxpayers. While we support strong enforcement against abusive tax schemes, this particular ruling – issued under the prior administration – applies a flawed interpretation of the economic substance doctrine in a manner that lacks clear statutory grounding and creates confusion for taxpayers and practitioners alike.

The ruling addresses several related-party partnership transactions but fails to analyze the threshold requirement in section 7701(o), which specifies that the economic substance doctrine applies only when it is “relevant” to the transaction. Without this foundational analysis, the ruling inappropriately applies section 7701(o) as a general anti-abuse rule. The result in the ruling is that the partnership tax laws are set aside to require the taxpayer to make basis adjustments that would not occur when applying the letter of the law. For so long as the ruling remains, taxpayers must guess between two mutually exclusive outcomes – basis adjustments as required by the law or basis adjustments required by the ruling. This leaves taxpayers uncertain about how and when to apply the partnership tax laws to commercial transactions.

Additionally, the ruling assumes that related-party transactions inherently lack a legitimate business purpose. This assumption is at odds with long-established tax law and the reality of how businesses operate. Related-party transactions are routine in a variety of industries, including manufacturing, investment, and distribution, and are governed by provisions such as section 482 that are specifically designed to ensure fair treatment while recognizing their legitimacy.

We appreciate the current administration’s steps to improve tax regulation, including the recent withdrawal of REG-124593-23, which would have designated related-party basis adjustments as “transactions of interest.” That decision reflected a welcome commitment to thoughtful, balanced tax administration. In that same spirit, we believe that withdrawing *Revenue Ruling 2024-14* and rejecting its flawed legal analysis would be an important next step toward restoring clarity and consistency in the tax code.

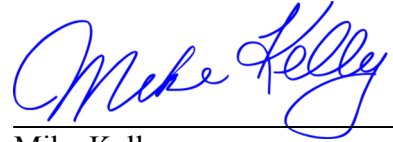
We are confident that under your leadership, the Department will continue its work to modernize tax administration while ensuring that enforcement efforts remain grounded in statute, fairness, and the need for taxpayer certainty. Thank you for your attention to this matter. We look forward to continued engagement with you and your team.

Sincerely,



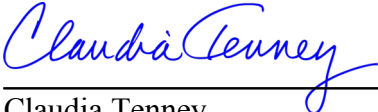
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Member of Congress



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Mike Kelly  
Member of Congress



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Claudia Tenney  
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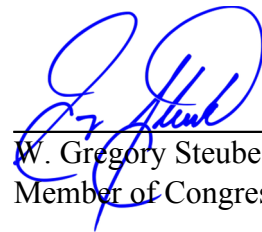
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David Schweikert  
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Vern Buchanan  
Member of Congress



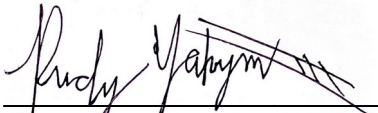
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Adrian Smith  
Member of Congress



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Rudy Yakym III  
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Kevin Hern  
Member of Congress



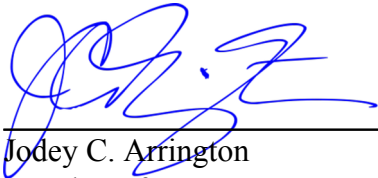
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Member of Congress



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Darin LaHood  
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