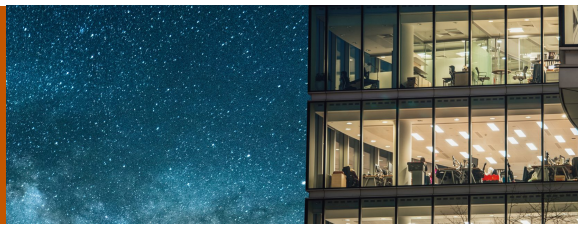
# JO Knows How Carried Interests Affect Real Estate

**AUGUST 17, 2022 | BY: THE REAL ESTATE TEAM**



The Inflation Reduction Act was passed by both the House and Senate. This new legislation previously had provisions to change the carried interest rules which you can find **here**. However, in order to get enough votes to pass, the carried interest provisions were removed. This allowed for the 51-50 vote completely along party lines in the Senate and then went to the House for the final vote. It now awaits President Biden's signature.

## What Does This Mean?

The good news is that carried interest is currently protected for rental real estate sales but it has always been a point of contention and remains in the minds of many in power as a "loop-hole" that they would like to see removed. Those issuing these types of interests should pay close attention to the current rules in place and work with their advisors in advance of issuing these interests. This will ensure they comply and are structured for the best possible tax result in the future. As always, we will continue to monitor carried interest and all things real estate tax and report as needed.

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