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Tax Considerations for Sovereign Wealth Funds' Investments in PE

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Troutman Pepper attorneys Steven Bortnick and Morgan Klinzing recently authored two articles in *The Private Equity Law Report* that detailed critical considerations for any PE sponsor intending to market to potential Sovereign Wealth Fund investors.

The first article outlined the U.S. statutory tax treatment of SWFs, as well as some of the benefits, limitations and exemptions that are available. It described the tax benefits, limitations, and exemptions available to SWFs under section 892 of the IRS Code of 1986 (the Code). The second article analyzed ways PE funds can be structured to limit negative tax treatment to SWF investors from income generated from funds' commercial activities under the Code.

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