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GENERAL MEMORANDUM 26-024

Treasury and IRS Issued a Final Regulation Entitled “Treatment of Income From Indian Fishing Rights-Related Activity as Compensation”

On May 4, 2026, the Internal Revenue Service (IRS) and Department of Treasury (Treasury) finalized a [regulation](#) entitled “Treatment of Income From Indian Fishing Rights-Related Activity as Compensation.”

This regulation clarifies that certain income earned by Tribal members from Indian fishing rights-related activity may be treated as “compensation” for qualified retirement plan purposes, even though that income is exempt from federal income and employment taxes under [Internal Revenue Code 7873](#). The amendment allows qualifying income paid directly to a Tribal member, or through a Tribal entity, for activities such as harvesting, processing, transporting, or selling fish under recognized Tribal Fishing rights to be counted when calculating retirement plan contribution and benefit limits.

The rule ensures that Tribal members earning tax-exempt treaty fishing income are not excluded from retirement savings opportunities solely because their income is tax-exempt.

The regulation is effective as of **May 4, 2026**, and applies to all plan years ending on or after that date.

Please let us know if you questions or would like advice on how this rule could affect your Tribe.

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