

Deloitte Tax alert looks at new guidance on domestic passthrough entities owning stock in foreign corporations

The Treasury Department and the Internal Revenue Service released final regulations (T.D. 9960) and proposed regulations (REG-118250-20) on January 24 that address a variety of issues relating to the treatment of domestic partnerships and other passthrough entities that own stock in foreign corporations. Among those issues are the determination of subpart F income and section 956 inclusions, the identification of controlling domestic shareholders of a foreign corporation and of the owner of a controlled foreign corporation or qualified electing fund (QEF) for net investment income tax election purposes, and the application of the passive foreign investment company QEF and mark-to-market regimes.

URL: <https://www.federalregister.gov/documents/2022/01/25/2022-00066/guidance-under-section-958-on-determining-stock-ownership>

URL: <https://www.federalregister.gov/documents/2022/01/25/2022-00067/guidance-on-passive-foreign-investment-companies-and-controlled-foreign-corporations-held-by>

The regulations also cover the treatment of S corporations with accumulated earnings and profits attributable to subpart F income and GILTI and the determination and inclusion of related-person insurance income under section 953(c).

Find out more

A new US international tax alert from Deloitte Tax LLP provides an overview of the new regulations.

URL: <https://www2.deloitte.com/content/dam/Deloitte/us/Documents/Tax/dttl-tax-alert-us-28-january-2022.pdf>

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