

Part IV - Items of General Interest

PFIC shareholder reporting under new section 1298(f) for tax years beginning before March 18, 2010

Notice 2010-34

On March 18, 2010, President Obama signed the Hiring Incentives to Restore Employment Act of 2010 (the Act). The Act amends the Internal Revenue Code by adding a new § 1298(f). Section 1298(f) requires United States persons who are shareholders of a passive foreign investment company (PFIC) to file an annual report containing such information as the Secretary may require. Section 1298(f) is effective on the date of enactment.

The Internal Revenue Service is developing further guidance regarding the reporting obligations under § 1298(f). In the meantime, persons that were required to file Form 8621, *Return by a Shareholder of a Passive Foreign Investment Company or a Qualified Electing Fund*, prior to the enactment of § 1298(f) must continue to file Form 8621 as provided in the Instructions to such form (e.g., upon disposition of stock of a PFIC, or with respect to a qualified electing fund under § 1293). Shareholders of a PFIC that were not otherwise required to file Form 8621 annually prior to March 18, 2010, will not be required to file an annual report as a result of the addition of § 1298(f) for taxable years beginning before March 18, 2010.

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