

## **IRM PROCEDURAL UPDATE**

**DATE: 11/29/2018**

**NUMBER: wi-21-1118-1496**

**SUBJECT: New Subsection on IRC 965- International**

**AFFECTED IRM(s)/SUBSECTION(s): 21.8.1**

**CHANGE(s):**

### **IRM 21.8.1.30 Added new section on IRC 965.**

1. Newly enacted Section 965 of the Internal Revenue Code imposes a transition tax on untaxed foreign earnings of foreign corporations with U.S. shareholders by deeming those earnings to be repatriated (funds held in a foreign country by U.S. shareholders must be taxed). Foreign earnings held in the form of cash and cash equivalents are taxed at a 15.5 percent rate, and the remaining earnings are taxed at an 8 percent rate. Generally, the taxpayer may elect to pay the transition tax in installments over an eight-year period.
2. The IRC 965 transition tax program for IMF is centralized at the Brookhaven Accounts Management Campus (BAMC). If any correspondence or amended returns referencing IRC 965 are in international inventory the international assistor will suspend the case in CIS and elevate the case to the international P&A analyst. The international P&A analyst will coordinate with the P&A analyst at BAMC to determine case disposition. The international P&A analyst will advise the international CSR on whether to adjust the case or reassign to BAMC.
3. Detailed information on Section 965 Transition Tax on Untaxed Foreign Earnings for individuals can be found in IRM 21.1.1.3.2.2.1, *Section 965 Transition Tax on Untaxed Foreign Earnings - Individuals - (IMF)*.

### **IRM 21.8.1.30.1 Added new section on IRC 965 Telephone inquiry processing.**

1. The IRC 965 transition tax program for IMF is centralized at the Brookhaven Accounts Management Campus (BAMC)
2. IRC 965 tax law calls have been deemed out of scope. For tax law calls follow IRM 21.1.1.3, *Customer Service Representative (CSR) Duties*.
3. If an IRC 965 account call is received on the non-toll free international line, the international assistor will provide answers for all international issues but cannot reply to any IRC 965 questions. Advise the caller you do not have the

*Any line marked with a # is for Official Use Only*

expertise to answer their IRC 965 inquiry. Offer to complete a Form 4442 referral to provide answers for the IRC 965 part of the call.

<b>If</b>	<b>Then</b>
The caller accepts the referral offer	<ul style="list-style-type: none"> <li>○ Follow procedures in IRM 21.3.5.4, <i>Referral Procedures</i>.</li> <li>○ Be as specific as possible on the referral regarding the IRC 965 questions the caller presented.</li> <li>○ Notate on the referral that the IRC 965 call came into the international non-toll free line and all the international issues have been answered.</li> <li>○ When the referral is complete, securely e-mail the Form 4442 to the dedicated mail box at *W&amp;I BAMC P&amp;A.</li> </ul>
The caller rejects the referral offer	<ul style="list-style-type: none"> <li>○ Advise the caller you will have to transfer the call to the dedicated IRC 965 telephone application.</li> <li>○ Advise the caller they may still accrue international long-distance telephone charges.</li> <li>○ Transfer the call to 1171 for English, or 1172 for Spanish.</li> </ul>