

## LB&I International Practice Service Transaction Unit

IPS Level	Number	Title	UIL Code	Number
Shelf	N/A	Individual Outbound	–	–
Volume	11	Foreign Corporations	<b>Level 1 UIL</b>	9433
Part	11.1	Individuals with Investments in a CFC	<b>Level 2 UIL</b>	9433.01
Chapter	11.1.1	Taxability of income from the CFC	<b>Level 3 UIL</b>	9433.01-01
Sub-Chapter	11.1.1.2	Subpart F Income	–	–

<b>Unit Name</b>	Overview of Subpart F Income for U.S. Individual Shareholders
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# Issue and Transaction Overview

## Overview of Subpart F Income for U.S. Individual Shareholders

A foreign corporation is one type of entity through which foreign business operations may be conducted. A major tax advantage to a United States taxpayer of using a foreign corporation to conduct business is income tax deferral: generally, U.S. tax on the income of a foreign corporation is deferred until the income is distributed as a dividend or otherwise repatriated by the foreign corporation to its U.S. shareholders.

Prior to the enactment of Subpart F, many U.S. taxpayers achieved deferral of U.S. tax on certain kinds of movable income, such as dividends, interest, rents, and royalties, by earning such income through foreign corporations. In addition, by incorporating or locating these corporations in low- or no-tax jurisdictions, U.S. taxpayers were able to ensure the income was taxed at a very low rate (until it was repatriated to the U.S.). Congress determined that this type of deferral was inappropriate and reacted by enacting Subpart F.

The Subpart F provisions eliminate deferral of U.S. tax on certain categories of foreign income by taxing certain U.S. persons currently on their pro rata share of such income earned by their foreign corporations. This approach is based on the principles underlying the United States' taxing jurisdiction. In general, the United States does not tax a foreign corporation if it neither receives U.S.-source income nor engages in U.S.-based activities. However, the U.S. generally does tax all income, wherever derived, of U.S. persons. The Subpart F rules operate by treating a U.S. shareholder of a foreign corporation as if the shareholder actually received its proportionate share of certain categories of the corporation's current earnings and profits (E&P). The U.S. shareholder is required to report this income currently in the United States, whether or not the foreign corporation actually makes a distribution (IRC 951(a)).

Subpart F, therefore, does not purport to tax the foreign corporation. Rather, its rules apply only to a U.S. person who owns, directly or indirectly, 10% or more of the voting stock of a foreign corporation that is controlled by U.S. shareholders. The provisions of Subpart F are complex and contain numerous general rules, special rules, definitions, exceptions, exclusions, and limitations, all of which require careful consideration (and are covered in other Practice Units – Subpart F Overview). This Practice Unit contains a general overview of the basic provisions of Subpart F for U.S. individual shareholders.

# Issue and Transaction Overview (cont'd)

## Overview of Subpart F Income for U.S. Individual Shareholders

The Subpart F rules were first enacted as part of the Revenue Act of 1962. Since then, they have been amended numerous times. In particular, the Tax Reform Act of 1986 significantly expanded the coverage of Subpart F. Congress' continuing effort to define the parameters of Subpart F is evidence that the Subpart F policy -- denial of tax deferral for movable income earned through a controlled foreign corporation (CFC) formed in a low- or no-tax country -- remains as viable today as when the rules were first enacted in 1962.

Under Subpart F, certain types of income earned by a CFC are taxable to the CFC's U.S. shareholders in the year earned even if the CFC does not distribute the income to its shareholders in that year. Subpart F operates by treating the shareholders as if they had actually received the income from the CFC. The income of a CFC that is currently taxable to its U.S. shareholders under the Subpart F rules is referred to as "Subpart F income." Under IRC 951(a), a U.S. shareholder is required to include in income currently its pro rata share of the CFC's Subpart F income ("Subpart F inclusion").

There are many categories of Subpart F income. In general, it consists of movable income. For example, one major category of Subpart F income -- foreign personal holding company income, or FPHCI -- consists of investment income such as dividends, interest, rents and royalties. Other types of Subpart F income include income received by a CFC from the purchase or sale of personal property involving a *related person* (i.e., foreign base company sales income, or FBCSI) and from the performance of services by or on behalf of a *related person* (i.e., foreign base company services income, or FBC Services Income). Note the rules for Subpart F Insurance Income, investments of earnings in U.S. property and foreign base company oil related income are not covered in this Practice Unit.

# Issue and Transaction Overview (cont'd)

## Overview of Subpart F Income for U.S. Individual Shareholders

There are three basic requirements for the applicability of the Subpart F rules to a U.S. person that owns an interest in a foreign corporation:

- The U.S. Person must be a U.S. Shareholder as defined under IRC 951(b).
- The foreign corporation must be a CFC.
- The CFC must have Subpart F income.

This Unit covers the last requirement, Subpart F Income. For the first two requirements, refer to the Practice Unit entitled “Determination of U.S. Shareholder and CFC Status.”

An individual shareholder may elect under IRC 962 to be taxed at corporate rates on his/her Subpart F inclusion which also entitles them to claim indirect foreign tax credits under IRC 960 as if they were a domestic corporation.

# Transaction and Fact Pattern

## Overview of Subpart F Income for U.S. Individual Shareholders

Diagram of Transaction	Facts
<p>The diagram illustrates the corporate structure and transactions. At the top, 'Ind A' (a U.S. individual) owns 100% of 'USCo'. Below USCo are three Controlled Foreign Corporations: 'CFC1 (Country B)', 'CFC2 (Country C)', and 'CFC3 (Country D)'. USCo owns 100% of each CFC. CFC1 performs services for USCo. CFC2 buys widgets from 'Unrelated vendors' and sells them to USCo. CFC3 earns interest from an 'Unrelated bank'.</p>	<ul style="list-style-type: none"> <li>▪ US Ind A owns 100% of USCo, a domestic corporation.</li> <li>▪ US Ind A owns 100% of CFC1 in Country B, 100% of CFC2 in Country C, and 100% of CFC3 in Country D.</li> <li>▪ CFC1, CFC2 and CFC3 are Controlled Foreign Corporations for purposes of applying the Subpart F rules</li> <li>▪ CFC1 performs services for USCo outside of Country B (the services are completely unrelated to CFC2's sales of widgets).</li> <li>▪ CFC2 purchases widgets from unrelated parties and sells them (without any further modification or manufacturing) to USCo.</li> <li>▪ CFC3 earns interest on cash deposited in an unrelated bank.</li> </ul> <p>▪ <b>NOTE:</b> If USCo were Ind A's sole proprietorship or disregarded entity instead of a domestic corporation, the federal tax results throughout this practice unit would be the same because CFC1 and CFC2 would still be transacting with a related person, US Ind A.</p>

# Summary of Potential Issues

[Enter the Unit Name Here]

[Issue 1](#)

Whether Individual A has a Subpart F inclusion as a result of the services performed by CFC1.

[Issue 2](#)

Whether Individual A has a Subpart F inclusion as a result of the sales of widgets by CFC2.


[Issue 3](#)

Whether Individual A has a Subpart F inclusion as a result of the interest income earned by CFC3.

# All Issues, Step 1: Initial Factual Development

## Overview of Subpart F Income for U.S. Individual Shareholders

Taxpayer may be conducting activities through (or merely booking income to) a CFC to shift profits out of the U.S. into a country with a lower tax rate.

Fact Element	Resources	6103 Protected Resources
<p>US Individual A owns 100% of CFC1, CFC2, and CFC3. The examiner should review the transactions engaged in by the CFCs to determine whether they generate FBCSI, FBC Services Income, or FPHCI. Some items an examiner can review are:</p> <ul style="list-style-type: none"> <li>▪ Worldwide Tax and Legal Organizational Charts</li> <li>▪ Contracts containing the critical facts of the transactions</li> <li>▪ Product Flows and Transaction Flowcharts</li> <li>▪ Form 5471, Schedule M</li> <li>▪ Form 1120, Schedule M-3</li> </ul>		
<p> <b>DECISION POINT:</b> The examiner should review the unrepatriated offshore E&amp;P for each CFC. <b>An inclusion under IRC § 951(a) is limited to current E&amp;P; see IRC §952(c)(1)(A).</b></p>	<ul style="list-style-type: none"> <li>▪ IRC 952(c)(1)(A)</li> </ul>	



# Issue 1, Step 2: Review Potential Issues

## Overview of Subpart F Income for U.S. Individual Shareholders

### Issue 1

Whether A has a Subpart F inclusion as a result of the services performed by CFC1.

Fact Element	Resources	6103 Protected Resources
<p>One area of potential abuse is where a service corporation is separated from the activities of a related corporation and organized in another country primarily to obtain a lower rate of tax for the service income. Subpart F addresses this abuse by requiring the U.S. shareholder to include its pro rata share of the CFC's FBC Services Income in income currently.</p> <p>FBC Services Income consists of income derived by a CFC in connection with the performance of technical, managerial, engineering, architectural, scientific, skilled, industrial, commercial or like services outside the CFC's country of incorporation for or on behalf of any <i>related person</i>.</p>	<ul style="list-style-type: none"> <li>▪ IRC 954(e)</li> <li>▪ Treas. Reg. 1.954-4</li> <li>▪ TMFEDPORT No. 928-3rd: CFCs - Foreign Base Company Income (Other than FPHCI)</li> </ul>	

# Issue 1, Step 2: Review Potential Issues (cont'd)

## Overview of Subpart F Income for U.S. Individual Shareholders

### Issue 1

Whether A has a Subpart F inclusion as a result of the services performed by CFC1.

Fact Element	Resources	6103 Protected Resources
<p>When a CFC performs services, you should determine whether the transaction meets the following two requirements for FBC Services Income:</p> <ul style="list-style-type: none"><li>▪ Related person requirement</li><li>▪ Place of performance requirement</li></ul>	<ul style="list-style-type: none"><li>▪ IRC 954(e)</li><li>▪ Treas. Reg. 1.954-4</li><li>▪ TMFEDPORT No. 928-3rd: CFCs - Foreign Base Company Income (Other than FPHCI)</li></ul>	

# Issue 1, Step 2: Review Potential Issues (cont'd)

## Overview of Subpart F Income for U.S. Individual Shareholders

### Issue 1

Whether A has a Subpart F inclusion as a result of the services performed by CFC1.

Fact Element	Resources	6103 Protected Resources
<p><b>Related person requirement</b> – no FBC Services Income unless services are performed for or on behalf of any <i>related person</i>, as defined under IRC 954(d)(3).</p> <p>A person will be considered a <i>related person</i> with respect to a CFC if the person (whether an individual, corporation, partnership, trust or estate) controls or is controlled by the CFC (or is controlled by the same persons that control the CFC). Control means direct or indirect ownership of (1) in the case of corporations, stock having <i>more than 50%</i> of the total voting power of all classes of stock entitled to vote or of the total value of stock of the corporation; or (2) in the case of partnerships, trusts or estates, <i>more than 50%</i> (by value) of the capital, profits or beneficial interest in the entity.</p>	<ul style="list-style-type: none"> <li>▪ IRC 954(d)(3)</li> <li>▪ Treas. Reg. 1.954-1(f)(1)</li> </ul>	
<p><b>Place of performance requirement</b> – no FBC Services Income unless the CFC performs services outside of its country of incorporation.</p>	<ul style="list-style-type: none"> <li>▪ IRC 954(e)(1)(B)</li> <li>▪ Treas. Reg. 1.954-4(c)</li> </ul>	

# Issue 1, Step 2: Review Potential Issues (cont'd)

## Overview of Subpart F Income for U.S. Individual Shareholders

### Issue 1

Whether A has a Subpart F inclusion as a result of the services performed by CFC1.

Fact Element	Resources	6103 Protected Resources
<p><b>Services Performed on Behalf of Another</b> – The services could be provided directly to a related corporation for compensation. There are also situations in which a CFC will be considered performing services for, or on behalf of, a related person when the services are not directly provided to a related person. For example, such situations include:</p> <ul style="list-style-type: none"> <li>▪ The CFC is paid or reimbursed by, is released from an obligation to, or otherwise receives substantial benefit from, a related person for performing services.</li> <li>▪ The CFC performs services which a related person is, or has been, obligated to perform.</li> <li>▪ The CFC performs services in relation to property sold by a related person and the performance of services constitutes a condition or material term of the sale.</li> <li>▪ The CFC receives substantial assistance furnished by a related person in the performance of CFC's services.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Treas. Reg. 1.954-4(b)</li> </ul>	

# Issue 1, Step 3: Additional Factual Development

## Overview of Subpart F Income for U.S. Individual Shareholders

### Issue 1

Whether A has a Subpart F inclusion as a result of the services performed by CFC1.

Fact Element	Resources	6103 Protected Resources
<p>Related person requirement – the examiner should determine whether CFC1 performs services for or on behalf of a <i>related person</i>.</p> <p>The examiner should have reviewed organizational charts and transaction agreements during initial factual development to establish whether a related party transaction took place.</p>	<ul style="list-style-type: none"> <li>▪ YK1</li> </ul>	
<p>Place of performance requirement – the examiner should determine whether CFC1 performs its services within or outside of Country B.</p> <p>The examiner should review documentation that substantiates where persons are physically located when they actually perform the services. Examples may include organizational structure, internal employee directories, travel records, cost center reports, etc.</p>		

# Issue 1, Step 4: Develop Arguments

## Overview of Subpart F Income for U.S. Individual Shareholders

### Issue 1

Whether A has a Subpart F inclusion as a result of the services performed by CFC1.

Fact Element	Resources	6103 Protected Resources
<p>With respect to the income from services performed for USCo, CFC1 will have FBC Services Income assuming the services are performed outside Country B.</p> <p>Calculate the amount of CFC1's FBC Services Income and Individual A's Subpart F inclusion. <i>Note: An inclusion under IRC 951(a) is limited to current E&amp;P; see IRC §952(c)(1)(A).</i></p> <p>Individual A may also make an election under IRC 962 to be subject to tax as a corporation in order to claim an indirect Foreign Tax Credit (FTC) for foreign income taxes paid by CFC1.</p> <p><i>Note: recall that <b>both</b> requirements for FBC Services Income must be met. If <b>either</b> one of the requirements is missing, the income will <b>not</b> be FBC Services Income.</i></p>	<ul style="list-style-type: none"> <li>▪ IRC 951</li> <li>▪ IRC 952(c)(1)(A)</li> <li>▪ IRC 954(e)</li> <li>▪ Treas. Reg. 1.954-4</li> <li>▪ BNA 928-3<sup>rd</sup>-TMFEDPORT No 928 s III - CFCs - Foreign Base Company Income (Other than FPHCI)</li> <li>▪ IPS Practice Unit: "Computing Foreign Base Company Income"</li> </ul>	

# Issue 2, Step 2: Review Potential Issues

## Overview of Subpart F Income for U.S. Individual Shareholders

### Issue 2

Whether A has a Subpart F inclusion as a result of the sales of widgets by CFC2.

Fact Element	Resources	6103 Protected Resources
<p>Another example of potential abuse that Subpart F is intended to prevent is where U.S. shareholders use their CFCs to shift sales income from the U.S. to a foreign jurisdiction or from one foreign jurisdiction to another, to avoid U.S. and/or foreign tax. The foreign base company sales income (FBCSI) rules of Subpart F address this abuse.</p> <p>When a CFC buys or sells tangible personal property (1) from or to (or on behalf of) a <i>related person</i>, (2) the property is manufactured, produced, constructed, grown, or extracted <i>outside</i> the CFC's country of incorporation and (3) the property is purchased/sold for use, consumption or disposition <i>outside</i> the CFC's country of incorporation, the income from the sale of the property by the CFC is FBCSI. The U.S. shareholder(s) of the CFC may have a Subpart F inclusion.</p>	<ul style="list-style-type: none"> <li>▪ IRC 951</li> <li>▪ IRC 954(d)</li> <li>▪ Treas. Reg. 1.954-3</li> <li>▪ BNA 928-3<sup>rd</sup> – TMFEDPORT No 928 s III: CFCs - Foreign Base Company Income (Other than FPHCI)</li> </ul>	

# Issue 2, Step 2: Review Potential Issues (cont'd)

## Overview of Subpart F Income for U.S. Individual Shareholders

### Issue 2

Whether A has a Subpart F inclusion as a result of the sales of widgets by CFC2.

Fact Element	Resources	6103 Protected Resources
<p>When a CFC buys or sells tangible personal property, you should determine whether the transaction meets the following three requirements for FBCSI:</p> <ul style="list-style-type: none"> <li>▪ Related person requirement</li> <li>▪ Place of manufacture requirement</li> <li>▪ Place of consumption or use requirement</li> </ul>	<ul style="list-style-type: none"> <li>▪ IRC 951</li> <li>▪ IRC 954(d)</li> <li>▪ Treas. Reg. 1.954-3</li> <li>▪ BNA 928-3<sup>rd</sup> – TMFEDPORT No 928 s III: CFCs - Foreign Base Company Income (Other than FPHCI)</li> </ul>	



# Issue 2, Step 2: Review Potential Issues (cont'd)

## Overview of Subpart F Income for U.S. Individual Shareholders

### Issue 2

Whether A has a Subpart F inclusion as a result of the sales of widgets by CFC2.

Fact Element	Resources	6103 Protected Resources
<p><b>Related person requirement</b> – The CFC must buy from or sell to a related person (including purchases and sales <i>on behalf of</i> a related person). A person will be considered a <i>related person</i> with respect to a CFC if the person (whether an individual, corporation, partnership, trust or estate) controls or is controlled by the CFC (or is controlled by the same persons that control the CFC). Control means direct or indirect ownership of (1) in the case of corporations, stock having <i>more than 50%</i> of the total voting power of all classes of stock entitled to vote or of the total value of stock of the corporation; or (2) in the case of partnership, trusts or estates, <i>more than 50%</i> (by value) of the capital, profits or beneficial interest in the entity.</p>	<ul style="list-style-type: none"> <li>▪ IRC 954(d)(3)</li> <li>▪ Treas. Reg. 1.954-1(f)(1)</li> </ul>	
<p><b>Place of manufacture requirement</b> – The property must be manufactured, produced, grown, or extracted outside of the CFC's country of incorporation.</p>	<ul style="list-style-type: none"> <li>▪ IRC 954(d)(1)</li> <li>▪ Treas. Reg. 1.954-3(a)(2)</li> </ul>	

# Issue 2, Step 2: Review Potential Issues (cont'd)

## Overview of Subpart F Income for U.S. Individual Shareholders

### Issue 2

Whether A has a Subpart F inclusion as a result of the sales of widgets by CFC2.

Fact Element	Resources	6103 Protected Resources
<b>Place of consumption or use requirement</b> – The property must be sold for use, consumption, or disposition outside of the CFC's country of incorporation. Property sold to unrelated persons is generally deemed to be used, consumed or disposed of at the destination specified for delivery (unless the CFC knows or should know otherwise).	<ul style="list-style-type: none"><li>▪ IRC 954(d)(1)</li><li>▪ Treas. Reg. 1.954-3(a)(3)(i) &amp; (ii)</li></ul>	



# Issue 2, Step 3: Additional Factual Development (cont'd)

## Overview of Subpart F Income for U.S. Individual Shareholders

### Issue 2

Whether A has a Subpart F inclusion as a result of the sales of widgets by CFC2.

Fact Element	Resources	6103 Protected Resources
<p>Place of consumption or use requirement – the examiner should determine whether the widgets are sold for use or consumption within or outside of Country C.</p> <p>The examiner should have reviewed transaction agreements during initial factual development to determine whether the widgets were sold for use or consumption within Country C.</p>		

# Issue 2, Step 4: Develop Arguments

## Overview of Subpart F Income for U.S. Individual Shareholders

### Issue 2

Whether A has a Subpart F inclusion as a result of the sales of widgets by CFC2.

Fact Element	Resources	6103 Protected Resources
<p>With respect to the income from the sales of widgets to USCo, CFC2 will have FBCSI, assuming the widgets are manufactured outside Country C and are sold for use or consumption outside Country C.</p> <p>Calculate the amount of CFC2's FBCSI and Individual A's Subpart F inclusion. <i>Note: An inclusion under §IRC 951(a) is limited to current E&amp;P; see IRC §952(c)(1)(A).</i></p> <p>Individual A may also make an election under IRC §962 to claim an indirect FTC for foreign income taxes paid by CFC2.</p> <p><i>Note: recall that <b>all</b> three requirements for FBCSI must be met. If <b>any</b> one of the requirements is missing, the income will <b>not</b> be FBCSI.</i></p>	<ul style="list-style-type: none"> <li>▪ IRC 951</li> <li>▪ IRC 952(c)(1)(A)</li> <li>▪ IRC 954(d)</li> <li>▪ Treas. Reg. 1.954-3</li> <li>▪ BNA 928-3<sup>rd</sup> -TMFEDPORT No. 928 s III: CFCs - Foreign Base Company Income (Other than FPHCI)</li> <li>▪ See IPS Practice Unit: "Computing Foreign Base Company Income"</li> </ul>	

# Issue 3, Step 2: Review Potential Issues

## Overview of Subpart F Income for U.S. Individual Shareholders

### Issue 3

Whether A has a Subpart F inclusion as a result of the interest income earned by CFC3

Fact Element	Resources	6103 Protected Resources
<p>When Congress enacted Subpart F, it recognized the need to maintain active American business operations abroad on equal competitive footing with other operating businesses in the same countries. However, where a CFC has portfolio types of investments, or where the CFC is merely passively receiving investment income, there is no competitive justification to defer the tax until the income is repatriated. As such, the provisions of Subpart F require a U.S. shareholder to include its pro-rata share of the CFC's foreign personal holding company income (FPHCI) in income currently.</p> <p>FPHCI generally includes a CFC's income from dividends, interest, annuities, rents, royalties, and net gains on dispositions of property producing any of the foregoing types of income (as well as several other types of income not covered in this unit.)</p>	<ul style="list-style-type: none"> <li>▪ IRC 954(c)</li> <li>▪ Treas. Reg. 1.954-2</li> <li>▪ BNA 6220-1<sup>st</sup> - TMFEDPORT No. 6220: CFCs - Foreign Personal Holding Company Income</li> </ul>	

# Issue 3, Step 3: Additional Factual Development

## Overview of Subpart F Income for U.S. Individual Shareholders

### Issue 3

Whether A has a Subpart F inclusion as a result of the interest income earned by CFC3.

Fact Element	Resources	6103 Protected Resources
<p>The examiner should determine whether the interest income CFC3 earns on cash deposited in a bank constitutes FPHCI.</p> <p>The examiner should compare the interest income from Individual A's Form 5471 Schedule C for CFC3 to the amount actually reported as Other Income on Individual A's Form 1040, Line 21. The examiner may request substantiation such as CFC's bank statements to confirm the amount of interest income. The examiner should request the computation of the Subpart F income for CFC3, as well as substantiation of any exception(s) claimed.</p>		

# Issue 3, Step 4: Develop Arguments

## Overview of Subpart F Income for U.S. Individual Shareholders

### Issue 3

Whether A has a Subpart F inclusion as a result of the interest income earned by CFC3.

Fact Element	Resources	6103 Protected Resources
<p>With respect to the interest income earned from the bank, CFC3 will have FPHCI.</p> <p>Calculate the amount of CFC3's FPHCI and Individual A's Subpart F inclusion. <i>Note: An inclusion under IRC §951(a) is limited to current E&amp;P; see IRC §952(c)(1)(A).</i></p> <p>Individual A may also make an election under IRC §962 to claim an indirect FTC for foreign income taxes paid by CFC3.</p>	<ul style="list-style-type: none"> <li>▪ IRC 951</li> <li>▪ IRC 952(c)(1)(A)</li> <li>▪ IRC 954(c)</li> <li>▪ Treas. Reg. 1.954-2</li>   <li>▪ See IPS Practice Unit: "Computing Foreign Base Company Income"</li> </ul>	



# Training and Additional Resources

## Chapter 11.1.1 Taxability of Income from the CFC

Type of Resource	Description(s) and/or Instructions for Accessing	References
CENTRA sessions	<ul style="list-style-type: none"> <li>▪ FY2010 IBC CPE Subpart F</li> </ul>	
White Papers / Guidance	<ul style="list-style-type: none"> <li>▪ IRM 4.61.7 Controlled Foreign Corporations</li> </ul>	
Podcasts / Videos	<ul style="list-style-type: none"> <li>▪ FY2011 CPE: Deferral Planning July 2011</li> </ul>	
Other Training Materials	<ul style="list-style-type: none"> <li>▪ On-the-Job Training for International Examiners (IE) - Subpart F</li> <li>▪ Phase I IE Training Subpart F Module</li> <li>▪ Phase III IE Training Subpart F Module</li> <li>▪ Compliance Assurance Process (CAP) Subpart F</li> </ul>	
Reference Materials – Treatises	<ul style="list-style-type: none"> <li>▪ Kuntz &amp; Peroni US International Taxation B3.05</li> <li>▪ Bittker &amp; Lokken Fundamentals of International Taxation</li> <li>▪ BNA Portfolios (see TMFEDPORT references throughout this unit)</li> </ul>	

# Glossary of Terms and Acronyms

Acronym	Definition
CFC	Controlled foreign corporation
E&P	Earnings & Profits
FBC	Foreign base company
FBCSI	Foreign base company sales income
FC	Foreign corporation
FPHCI	Foreign personal holding company income
FTC	Foreign tax credit
IDR	Information document request
IIR	International Information Returns
TIEA	Tax information exchange agreement

# Index of Related Issues

Issue	Associated UIL(s)	References
Subpart F Overview	9433.01-01	FEN/9433.01_10(2013)
Failure to File the Form 5471 – Category 4 & 5 Filers – Monetary Penalty	9433.01-02	FEN/9433.01_06(2013)(b)
Determination of PFIC Status	9433.02	Available for Review