

Foreign tax credit guidance under section 901(m)

Notice 2014-45

On July 21, 2014, the Internal Revenue Service (IRS) and the Department of the Treasury (Treasury Department) released Notice 2014-44, to be published in IRB 2014-32 on August 11, 2014, which describes regulations that the IRS and the Treasury Department will issue to address the application of section 901(m) to dispositions of assets following covered asset acquisitions. Notice 2014-44 states that those regulations will generally apply to dispositions that occur on or after, and any Unallocated Basis Difference (as that term is defined in Notice 2014-44) with respect to a relevant foreign asset as of, July 21, 2014.

In order to prevent abuse, the regulations described in Notice 2014-44 will also apply to determine the tax consequences under section 901(m) of an entity classification election made under § 301.7701-3 that is filed on or after July 29, 2014, and that is effective on or before July 21, 2014, including whether a disposition results from the election for purposes of section 901(m) and the treatment of any Unallocated Basis Difference that results from such an election.

DRAFTING INFORMATION

The principal author of this notice is Jeffrey L. Parry, of the Office of Associate Chief Counsel (International). However, other personnel from the IRS and the Treasury Department participated in its development. For further information regarding this notice, contact Mr. Parry at (202) 317-6936 (not a toll-free call).