

INTERNAL REVENUE BULLETIN



HIGHLIGHTS OF THIS ISSUE

These synopses are intended only as aids to the reader in identifying the subject matter covered. They may not be relied upon as authoritative interpretations.

INCOME TAX

REG-110059-20, page 904.

This document contains proposed regulations under sections 367 and 954 relating to ownership attribution through foreign entities as a result of the repeal of section 958(b)(4). The proposed regulations generally limit the application of the look-through rule in section 954(c)(6) to foreign corporations that are controlled foreign corporations without regard to downward attribution from foreign persons and modify certain ownership attribution rules under section 367(a) that reference section 958(b)(4).

Bulletin No. 2020-42
October 13, 2020

T.D. 9908, page 894.

This document contains final regulations under sections 267, 332, 367, 672, 706, 863, 904, 958, and 6049 relating to ownership attribution through foreign entities as a result of the repeal of section 958(b)(4). The final regulations generally limit the application of certain rules only to foreign corporations that are controlled foreign corporations without regard to downward attribution from foreign persons. The final regulations also provide rules on how to determine ownership for purposes of certain rules in the Code that directly or indirectly reference section 958(b)(4).

The IRS Mission

Provide America's taxpayers top-quality service by helping them understand and meet their tax responsibilities and enforce the law with integrity and fairness to all.

Introduction

The Internal Revenue Bulletin is the authoritative instrument of the Commissioner of Internal Revenue for announcing official rulings and procedures of the Internal Revenue Service and for publishing Treasury Decisions, Executive Orders, Tax Conventions, legislation, court decisions, and other items of general interest. It is published weekly.

It is the policy of the Service to publish in the Bulletin all substantive rulings necessary to promote a uniform application of the tax laws, including all rulings that supersede, revoke, modify, or amend any of those previously published in the Bulletin. All published rulings apply retroactively unless otherwise indicated. Procedures relating solely to matters of internal management are not published; however, statements of internal practices and procedures that affect the rights and duties of taxpayers are published.

Revenue rulings represent the conclusions of the Service on the application of the law to the pivotal facts stated in the revenue ruling. In those based on positions taken in rulings to taxpayers or technical advice to Service field offices, identifying details and information of a confidential nature are deleted to prevent unwarranted invasions of privacy and to comply with statutory requirements.

Rulings and procedures reported in the Bulletin do not have the force and effect of Treasury Department Regulations, but they may be used as precedents. Unpublished rulings will not be relied on, used, or cited as precedents by Service personnel in the disposition of other cases. In applying published rulings and procedures, the effect of subsequent legislation, regulations, court decisions, rulings, and procedures must be considered, and Service personnel and others concerned are cautioned

against reaching the same conclusions in other cases unless the facts and circumstances are substantially the same.

The Bulletin is divided into four parts as follows:

Part I.—1986 Code.

This part includes rulings and decisions based on provisions of the Internal Revenue Code of 1986.

Part II.—Treaties and Tax Legislation.

This part is divided into two subparts as follows: Subpart A, Tax Conventions and Other Related Items, and Subpart B, Legislation and Related Committee Reports.

Part III.—Administrative, Procedural, and Miscellaneous.

To the extent practicable, pertinent cross references to these subjects are contained in the other Parts and Subparts. Also included in this part are Bank Secrecy Act Administrative Rulings. Bank Secrecy Act Administrative Rulings are issued by the Department of the Treasury's Office of the Assistant Secretary (Enforcement).

Part IV.—Items of General Interest.

This part includes notices of proposed rulemakings, disbarment and suspension lists, and announcements.

The last Bulletin for each month includes a cumulative index for the matters published during the preceding months. These monthly indexes are cumulated on a semiannual basis, and are published in the last Bulletin of each semiannual period.

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Part I

26 CFR 1.267(a)-3; 1.332-8; 1.367(a)-8; 1.672(f)-2; 1.706-1; 1.863-8; 1.863-9; 1.904-5; 1.958-2; 1.6049-5

T.D. 9908

DEPARTMENT OF THE TREASURY Internal Revenue Service 26 CFR Part 1

Ownership Attribution Under Section 958 Including for Purposes of Determining Status as Controlled Foreign Corporation or United States Shareholder

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Final regulations.

SUMMARY: This document contains final regulations relating to the modification of section 958(b) of the Internal Revenue Code (“Code”) by the Tax Cuts and Jobs Act, which was enacted on December 22, 2017. This document finalizes the proposed regulations published on October 2, 2019. The final regulations affect United States persons that have ownership interests in, or that make or receive payments to or from, certain foreign corporations.

DATES: Effective date: These regulations are effective on September 22, 2020.

Applicability dates: For dates of applicability, see §§1.267(a)-3(d), 1.332-8(b), 1.367(a)-8(r)(1)(i), 1.672(f)-2(e), 1.706-1(b)(6)(v)(A), 1.863-8(h), 1.863-9(l), 1.904-5(o), 1.958-2(h), and 1.6049-5(g).

FOR FURTHER INFORMATION CONTACT: Christina G. Daniels, (202) 317-6934 (not a toll-free number).

SUPPLEMENTARY INFORMATION:

Background

As in effect before its repeal, section 958(b)(4) provided that section 318(a)(3) (A), (B), and (C) (providing for downward attribution) was not to be applied so as to consider a United States person as owning stock owned by a person who is not a United States person (a “foreign person”). Section 14213 of the Tax Cuts and Jobs Act, Pub. L. 115-97 (the “Act”) repealed section 958(b)(4), effective for the last taxable year of foreign corporations beginning before January 1, 2018, and each subsequent year of the foreign corporations, and for the taxable years of United States shareholders (as defined in section 951(b)) (“U.S. shareholders”) in which or with which such taxable years of the foreign corporations end. As a result of this repeal, stock of a foreign corporation owned by a foreign person can be attributed to a United States person under section 318(a)(3) for various purposes, including for purposes of determining whether a United States person is a U.S. shareholder of the foreign corporation and, therefore, whether the foreign corporation is a controlled foreign corporation (within the meaning of section 957) (“CFC”).

On October 2, 2019, the Department of the Treasury (“Treasury Department”) and the IRS published proposed regulations (REG-104223-18) relating to the repeal of section 958(b)(4) by the Act, in the **Federal Register** (84 FR 52398) (the “proposed regulations”). Additional guidance related to the repeal of section 958(b)(4), including relief from certain information reporting requirements and safe harbors for determining whether a foreign corporation is a CFC and for determining certain items of a CFC (such as taxable income and earnings and profits) based on alternative information, was issued along with the proposed regulations. See Revenue Procedure 2019-40, 2019-43 I.R.B. 982. No public hearing on the proposed regulations was requested or held. All of the written comments that were received by the Treasury Department and the IRS in response to the proposed

regulations are available at www.regulations.gov or upon request. This Treasury decision adopts the proposed regulations as final regulations with the modifications discussed in the Summary of Comments and Explanation of Revisions section of this preamble. Comments outside of the scope of this rulemaking are generally not addressed but may be considered in connection with future guidance.

A notice of proposed rulemaking published in the Proposed Rules section of this issue of the **Federal Register** (REG-110059-20) provides regulations under section 954(c)(6) to ensure that the operation of section 954(c)(6) is consistent with its application before the Act’s repeal of section 958(b)(4). The notice of proposed rulemaking also modifies the regulations under section 367(a) regarding the direct or indirect transfer of stock or securities of a domestic corporation by a United States person (as defined in section 7701(a)(30)) to a foreign corporation to ensure the attribution rules are applied consistently following the Act’s repeal of section 958(b)(4).

Summary of Comments and Explanation of Revisions

I. *Changes in Connection with Repeal of Section 958(b)(4)*

A. *Overview*

The final regulations, like the proposed regulations, generally make modifications to ensure that the operation of certain rules outside of subpart F of subchapter N of chapter 1 of the Code (“subpart F”) are consistent with their application before the Act’s repeal of section 958(b)(4). Comments generally supported the approach of the proposed regulations but requested additional modifications, as discussed in more detail in this Summary of Comments and Explanation of Revisions.

B. *Section 267: Deduction for certain payments to foreign related persons*

Section 267(a)(2) sets forth a matching rule that generally provides that if a

payment is made to a related person and is not includible in the payee's gross income until paid, the amount is not allowable as a deduction to the taxpayer until the amount is includible in the gross income of the payee ("general matching rule"). Pursuant to regulations issued under section 267(a)(3)(A),¹ subject to certain exceptions, a taxpayer must use the cash method of accounting for deductions of amounts owed to a related foreign person ("foreign payee rule"). The foreign payee rule does not apply to the following amounts: (i) a foreign source amount, other than interest, that is not effectively connected with the conduct of a U.S. trade or business; (ii) an amount, other than interest, that is exempt from U.S. taxation pursuant to a treaty obligation of the United States; and (iii) an amount that is effectively connected with the conduct of a U.S. trade or business (although payments in this clause (iii) are subject to the general matching rule of section 267(a)(2)). See §1.267(a)-3(b) and (c)(1) and (2).

Section 267(a)(3)(B)(i) provides that, notwithstanding the foreign payee rule in section 267(a)(3)(A), in the case of any item payable to a CFC, a deduction is allowable to the payor for any taxable year before the year in which the payment is made only to the extent that an amount attributable to the item is includible during such prior taxable year in the gross income of a United States person who owns (within the meaning of section 958(a)) stock in such CFC ("CFC payee rule"). Under the proposed regulations, however, an amount (other than interest) that is income of a related foreign person and exempt from U.S. taxation pursuant to a treaty obligation of the United States was not subject to the CFC payee rule if the related foreign person is a CFC that did not have any U.S. shareholders that owned (within the meaning of section 958(a)) stock in such CFC (a "section 958(a) U.S. shareholder"). See proposed §1.267(a)-3(c)(4).

A comment received shortly before the proposed regulations were published suggested that the regulations should broadly provide that, with respect to all payments subject to section 267(a)(3), the CFC payee rule in section 267(a)(3)(B)(i) applies

only to the extent a recipient CFC has one or more section 958(a) U.S. shareholders and that it should be applied without regard to the repeal of section 958(b)(4). Consistent with the purpose of the general matching rule in section 267(a)(2) and in order for the foreign payee rule in section 267(a)(3)(A) to apply consistently with its application before the repeal of section 958(b)(4), the Treasury Department and the IRS agree that, with respect to all payments (including interest) subject to section 267(a)(3), the CFC payee rule in section 267(a)(3)(B)(i) should not apply if a recipient CFC does not have any section 958(a) U.S. shareholders who are required to include amounts in income with respect to the CFC. However, the Treasury Department and the IRS do not agree that the CFC payee rule should be applied without regard to the repeal of section 958(b)(4), because that could permit the avoidance of the CFC payee rule (and the purposes of the matching rule in general) in foreign-parented structures where a section 958(a) U.S. shareholder is required to include amounts in income with respect to a recipient foreign corporation that is a CFC due solely to the repeal of section 958(b)(4). Accordingly, the exception from the CFC payee rule in proposed §1.267(a)-3(c)(4) is expanded in the final regulations to apply to all amounts payable to a related foreign person that is a CFC that does not have any section 958(a) U.S. shareholders. See §1.267(a)-3(c)(4). As a result, the foreign payee rule in section 267(a)(3)(A) and the regulations under that section will apply to those payments exempt from the application of the CFC payee rule. However, the CFC payee rule continues to apply to a CFC that has a section 958(a) shareholder even if the foreign corporation is a CFC due solely to the repeal of section 958(b)(4).

C. Section 881(c): Portfolio interest

Section 881(c) exempts from tax under section 881(a) U.S.-source portfolio interest received by a foreign corporation ("portfolio interest exception"). For this purpose, portfolio interest generally in-

cludes interest paid on a debt obligation that is in registered form but excludes, among other things, interest received by a CFC from a related person (within the meaning of section 864(d)(4)). See section 881(c)(2) and (3). The repeal of section 958(b)(4) results in foreign corporations that were previously not CFCs (and thus potentially eligible for the portfolio interest exception for interest received from related persons) being ineligible for the exception on such interest.

A comment requested that the general approach of the proposed regulations to exclude, where appropriate, CFCs that are CFCs solely as a result of the repeal of section 958(b)(4) be extended to the portfolio interest exception so that CFCs that were not previously CFCs could continue to be eligible for the portfolio interest exception. The rules set forth in the proposed regulations were all issued pursuant to specific grants of regulatory authority, and the Treasury Department and the IRS have determined that there is no statutory or regulatory authority to modify the limitation on the portfolio interest exception for payments received by CFCs from a related person. Accordingly, the recommendation is not adopted.

The comment also requested that the Treasury Department and the IRS issue guidelines for withholding agents that might not be in a position to know whether a payee was affected by the repeal of section 958(b)(4) and thus might not know whether the payee qualifies for the portfolio interest exception or whether the withholding agent may be required to withhold under section 1442. The comment posited scenarios in which a U.S. payor would not necessarily have the information to determine whether a foreign corporation payee is a CFC and thus would err on the side of withholding as if it were a CFC.

A withholding agent is generally subject to an actual knowledge or reason to know standard. See §1.1441-7(b)(1). A withholding agent is considered to have reason to know with respect to a claim relevant to withholding under chapter 3 (including section 1442) if "its knowledge of relevant facts or of statements contained in the withholding certificates or other

¹ In 2004, section 267(a)(3) was amended to redesignate existing section 267(a)(3) as section 267(a)(3)(A), and a new section 267(a)(3)(B) was added. P.L. 108-357. The regulations in §1.267(a)-3 were issued in 1993, under section 267(a)(3) as it existed at the time, currently section 267(a)(3)(A).

documentation is such that a reasonably prudent person in the position of the withholding agent would question the chapter 3 claims made.” See §1.1441-7(b)(2). The Treasury Department and the IRS have concluded that this standard is appropriate for withholding agents, and additional rules applicable only to portfolio interest are not necessary. Moreover, it would be outside of the scope of this rulemaking to provide rules generally applicable to the standard of diligence applicable to withholding agents. Accordingly, the suggestion is not adopted.

D. Section 1248: Gain from certain sales or exchanges of stock in certain foreign corporations

Section 1248(a) provides that certain gain recognized on the sale or exchange of stock of a foreign corporation by a United States person is included in the gross income of that person as a dividend if (i) the foreign corporation was a CFC at any time during the five-year period ending on the date of the sale or exchange, and (ii) the United States person owned or is considered to have owned, within the meaning of section 958, 10 percent or more of the total combined voting power of the foreign corporation at any time during that five-year period. A comment suggested that, consistent with the approach taken in the proposed regulations with respect to other sections, section 958(b) should be applied without regard to the repeal of section 958(b)(4) for purposes of section 1248 to prevent unintended consequences.

The final regulations do not adopt this comment because the Treasury Department and the IRS have determined that section 958(b), as modified by the Act, should apply for purposes of section 1248. This treatment is consistent with the application of section 958(b) for purposes of the subpart F provisions, and this consistent treatment is appropriate because one of the types of transactions that the repeal of section 958(b)(4) was intended to address – that is, transactions used to avoid the subpart F provisions, including decontrolling a foreign subsidiary to convert a CFC to a non-CFC – could also be used to avoid the section 1248 provisions.

E. Section 1297: PFIC asset test

The proposed regulations modified the definition of a CFC for purposes of section 1297(e) to disregard downward attribution from foreign persons. See proposed §1.1297-1(d)(1)(iii)(A). On July 11, 2019, the Treasury Department and the IRS published other proposed regulations (REG-105474-18) under §1.1297-1 in the **Federal Register** (84 FR 33120) (the “PFIC proposed regulations”). The Treasury Department and the IRS have decided to finalize proposed §1.1297-1(d)(1)(iii)(A) as part of the Treasury Decision finalizing the PFIC proposed regulations.

F. Section 6049: Chapter 61 reporting provisions

Generally, under chapter 61 of subtitle F of the Code, a payor must report to the IRS (using the appropriate Form 1099) certain payments or transactions with respect to United States persons that are not exempt recipients. The regulations under chapter 61 generally provide that the scope of payments or transactions subject to reporting under chapter 61 depends, in part, on whether or not the payor is a U.S. payor (as defined in §1.6049-5(c)(5)(i)), which generally includes United States persons and their foreign branches, as well as CFCs. To mitigate the increased Form 1099 reporting by foreign corporations that may have no direct or indirect owners that are United States persons, in accordance with the regulatory authority provided in section 6049(a), proposed §1.6049-5(c)(5)(i)(C) provided that a U.S. payor includes only a CFC that is a CFC without regard to downward attribution from a foreign person.

A comment requested that the exception from Form 1099 reporting be expanded to all CFCs, even if they would be CFCs without regard to the repeal of section 958(b)(4), due to the burden of the required reporting and the interaction with the requirements of local law to which CFCs are subject. Because the comment does not relate to the consequences of the repeal of section 958(b)(4), it is outside of the scope of these regulations. As a result, the rules in proposed §1.6049-5 are finalized as proposed.

II. Applicability Dates

These regulations generally apply on or after October 1, 2019. For taxable years before taxable years covered by the regulations, a taxpayer may generally apply the rules set forth in the final regulations to the last taxable year of a foreign corporation beginning before January 1, 2018, and each subsequent taxable year of the foreign corporation, and to taxable years of U.S. shareholders in which or with which such taxable years of the foreign corporation end, provided that the taxpayer and United States persons that are related (within the meaning of section 267 or 707) to the taxpayer consistently apply the relevant rule with respect to all foreign corporations. See section 7805(b)(7). Moreover, although §1.958-2 applies to taxable years of foreign corporations ending on or after October 1, 2019, and taxable years of U.S. shareholders in which or with which such taxable years of foreign corporations end, the same result applies before such date due to the effective date of the repeal of section 958(b)(4).

III. Effect on Other Documents

Section 5.01 of Notice 2018-13 (2018-6 I.R.B. 341) is obsolete as of September 22, 2020.

Statement of Availability of IRS Documents

IRS Revenue Procedures, Revenue Rulings, notices, and other guidance cited in this document are published in the Internal Revenue Bulletin and are available from the Superintendent of Documents, U.S. Government Publishing Office, Washington, DC 20402, or by visiting the IRS website at <http://www.irs.gov>.

Special Analyses

These regulations are not subject to review under section 6(b) of Executive Order 12866 pursuant to the Memorandum of Agreement (April 11, 2018) between the Treasury Department and the Office of Management and Budget regarding review of tax regulations.

It is hereby certified that these regulations will not have a significant economic

impact on a substantial number of small entities within the meaning of section 601(6) of the Regulatory Flexibility Act (5 U.S.C. chapter 6). The regulations do not impose any new costs on taxpayers. Moreover, the regulations generally affect CFCs and U.S. shareholders of CFCs. CFCs, as foreign corporations, are not considered small entities. Nor are U.S. taxpayers considered small entities to the extent the taxpayers are natural persons or entities other than small entities. Thus, the regulations generally only affect small entities if a U.S. taxpayer that is a U.S. shareholder of a CFC is a small entity.

Consequently, the Treasury Department and the IRS have determined that the regulations will not have a significant economic impact on a substantial number of small entities. Notwithstanding this certification, the Treasury Department and the IRS invite comments on the impacts of these regulations on small entities.

Pursuant to section 7805(f), the notice of proposed rulemaking preceding this regulation was submitted to the Chief Counsel for Advocacy of the Small Business Administration for comment on its impact on small business. No comments were received.

Drafting Information

The principal authors of the regulations are Karen J. Cate and Christina G. Daniels of the Office of Associate Chief Counsel (International). However, other personnel from the Treasury Department and the IRS participated in the development of the regulations.

List of Subjects in 26 CFR Part 1

Income taxes, Reporting and record-keeping requirements.

Amendments to the Regulations

Accordingly, 26 CFR part 1 is amended as follows:

PART 1—INCOME TAXES

Paragraph 1. The authority citation for part 1 is amended by revising the entry for § 1.267(a)-3 and adding an entry for § 1.332-8 in numerical order to read as follows:

Authority: 26 U.S.C. 7805 * * *

* * * * *

Section 1.267(a)-3 also issued under 26 U.S.C. 267(a)(3)(A) and (a)(3)(B)(ii).

* * * * *

Section 1.332-8 also issued under 26 U.S.C. 332(d)(4).

* * * * *

Par. 2. Section 1.267(a)-3 is amended:

1. In paragraph (c)(2), the first sentence, by removing the language “or (a)(3)”.

2. By revising paragraph (c)(4).

3. In paragraph (d), by revising the second sentence and adding five sentences at the end of the paragraph.

The revisions and additions read as follows:

§1.267(a)-3 Deduction of amounts owed to related foreign persons.

* * * * *

(c) * * *

(4) *Certain amounts owed to certain controlled foreign corporations.* An amount that is income of a related foreign person is exempt from the application of section 267(a)(3)(B)(i) if the related foreign person is a controlled foreign corporation that does not have any United States shareholders (as defined in section 951(b)) that own (within the meaning of section 958(a)) stock of the controlled foreign corporation. However, in this case, the amount is subject to the application of section 267(a)(3)(A) in the same manner as if the related foreign person were a foreign corporation that is not a controlled foreign corporation.

(d) * * * Except as otherwise provided in this paragraph (d), the regulations in this section issued under section 267 apply to all other deductible amounts that are incurred after July 31, 1989, but do not apply to amounts that are incurred pursuant to a contract that was binding on September 29, 1983, and at all times thereafter (unless the contract was renegotiated, extended, renewed, or revised after that date). Paragraph (c)(2) of this section applies to payments accrued on or after October 22, 2004. For payments accrued before October 22, 2004, see §1.267(a)-3(c)(2), as contained in 26 CFR part 1, revised as of April 1, 2004. Paragraph

(c)(4) of this section applies to payments accrued on or after October 1, 2019. For payments accrued before October 1, 2019, a taxpayer may apply paragraph (c)(4) of this section for payments accrued during the last taxable year of a foreign corporation beginning before January 1, 2018, and each subsequent taxable year of the foreign corporation, provided that the taxpayer and United States persons that are related (within the meaning of section 267 or 707) to the taxpayer consistently apply such paragraph with respect to all foreign corporations. For payments accrued before October 22, 2004, see §1.267(a)-3(c)(4), as contained in 26 CFR part 1, revised as of April 1, 2004.

Par. 3. Section 1.332-8 is added to read as follows:

§1.332-8 Recognition of gain on liquidation of certain holding companies.

(a) *Definition of controlled foreign corporation.* For purposes of section 332(d)(3), a controlled foreign corporation has the meaning provided in section 957, determined without applying section 318(a)(3)(A), (B), and (C) so as to consider a United States person as owning stock which is owned by a person who is not a United States person.

(b) *Applicability date.* This section applies to distributions in complete liquidation occurring on or after October 1, 2019, and to distributions in complete liquidation occurring before October 1, 2019, that result from an entity classification election made under §301.7701-3 of this chapter that is filed on or after October 1, 2019. For distributions in complete liquidation occurring before October 1, 2019, other than distributions in complete liquidation occurring before October 1, 2019, that result from an entity classification election made under §301.7701-3 of this chapter that is filed on or after October 1, 2019, a taxpayer may apply this section to distributions in complete liquidation occurring during the last taxable year of a distributee foreign corporation beginning before January 1, 2018, and each subsequent taxable year of the foreign corporation, provided that the taxpayer and United States persons that are related (within the meaning of section 267 or 707) to the taxpayer con-

sistently apply this section with respect to all foreign corporations.

Par. 4. Section 1.367(a)-8 is amended:

1. In paragraph (k)(14)(ii), by revising the second sentence.

2. In paragraph (p)(3), by designating Examples 1 through 4 as paragraphs (p)(3)(i) through (iv), respectively.

3. In newly redesignated paragraphs (p)(3)(i) through (iv), by redesignating the

paragraphs in the first column as the paragraphs in the second column:

Old Paragraphs	New Paragraphs
(p)(3)(i)(i) and (ii)	(p)(3)(i)(A) and (B)
(p)(3)(ii)(i) and (ii)	(p)(3)(ii)(A) and (B)
(p)(3)(iii)(i) and (ii)	(p)(3)(iii)(A) and (B)
(p)(3)(iv)(i) and (ii)	(p)(3)(iv)(A) and (B)

4. In each newly redesignated paragraph listed in the first column, by remov-

ing the language in the second column

and adding in its place the language in the third column:

Paragraph	Remove	Add
(p)(3)(i)(B)	of this <i>Example 1</i>	in paragraph (p)(3)(i)(A) of this section (the facts of this <i>Example 1</i>)
(p)(3)(ii)(B)	of this <i>Example 2</i>	in paragraph (p)(3)(ii)(A) of this section (the facts of this <i>Example 2</i>)

5. In paragraph (q)(2), by removing the language “at least 5% (applying the attribution rules of section 318, as modified by section 958(b))” wherever it appears and adding the language “at least 5% (deter-

mined as provided in paragraph (k)(14)(ii) of this section)” in its place.

7. In newly redesignated paragraphs (q)(2)(i) through (xxv), by redesignating the paragraphs in the first column as the paragraphs in the second column:

6. In paragraph (q)(2), by designating *Examples 1* through 25 as paragraphs (q)(2)(i) through (xxv), respectively.

Old Paragraphs	New Paragraphs
(q)(2)(i)(i) and (ii)	(q)(2)(i)(A) and (B)
(q)(2)(ii)(i) and (ii)	(q)(2)(ii)(A) and (B)
(q)(2)(ii)(B)(A) and (B)	(q)(2)(ii)(B)(1) and (2)
(q)(2)(iii)(i) and (ii)	(q)(2)(iii)(A) and (B)
(q)(2)(iv)(i) and (ii)	(q)(2)(iv)(A) and (B)
(q)(2)(iv)(B)(A) and (B)	(q)(2)(iv)(B)(1) and (2)
(q)(2)(iv)(B)(2)(1) through (3)	(q)(2)(iv)(B)(2)(i) through (iii)
(q)(2)(v)(i) and (ii)	(q)(2)(v)(A) and (B)
(q)(2)(vi)(i) through (iii)	(q)(2)(vi)(A) through (C)
(q)(2)(vi)(B)(A) and (B)	(q)(2)(vi)(B)(1) and (2)
(q)(2)(vi)(B)(2)(1) through (3)	(q)(2)(vi)(B)(2)(i) through (iii)
(q)(2)(vii)(i) and (ii)	(q)(2)(vii)(A) and (B)
(q)(2)(viii)(i) and (ii)	(q)(2)(viii)(A) and (B)
(q)(2)(ix)(i) and (ii)	(q)(2)(ix)(A) and (B)
(q)(2)(x)(i) and (ii)	(q)(2)(x)(A) and (B)
(q)(2)(x)(B)(A) through (C)	(q)(2)(x)(B)(1) through (3)
(q)(2)(xi)(i) through (iii)	(q)(2)(xi)(A) through (C)
(q)(2)(xii)(i) and (ii)	(q)(2)(xii)(A) and (B)
(q)(2)(xii)(B)(A) through (C)	(q)(2)(xii)(B)(1) through (3)
(q)(2)(xiii)(i) and (ii)	(q)(2)(xiii)(A) and (B)
(q)(2)(xiv)(i) and (ii)	(q)(2)(xiv)(A) and (B)
(q)(2)(xiv)(B)(A) and (B)	(q)(2)(xiv)(B)(1) and (2)

Old Paragraphs	New Paragraphs
(q)(2)(xv)(i) and (ii)	(q)(2)(xv)(A) and (B)
(q)(2)(xvi)(i) and (ii)	(q)(2)(xvi)(A) and (B)
(q)(2)(xvii)(i) and (ii)	(q)(2)(xvii)(A) and (B)
(q)(2)(xvii)(B)(A) through (C)	(q)(2)(xvii)(B)(1) through (3)
(q)(2)(xvii)(B)(3)(1) through (3)	(q)(2)(xvii)(B)(3)(i) through (iii)
(q)(2)(xviii)(i) and (ii)	(q)(2)(xviii)(A) and (B)
(q)(2)(xix)(i) and (ii)	(q)(2)(xix)(A) and (B)
(q)(2)(xx)(i) through (vi)	(q)(2)(xx)(A) through (F)
(q)(2)(xx)(B)(A) and (B)	(q)(2)(xx)(B)(1) and (2)
(q)(2)(xx)(B)(1)(1) and (2)	(q)(2)(xx)(B)(1)(i) and (ii)
(q)(2)(xxi)(i) and (ii)	(q)(2)(xxi)(A) and (B)
(q)(2)(xxi)(B)(A) through (C)	(q)(2)(xxi)(B)(1) through (3)
(q)(2)(xxii)(i) through (iii)	(q)(2)(xxii)(A) through (C)
(q)(2)(xxii)(B)(A) through (C)	(q)(2)(xxii)(B)(1) through (3)
(q)(2)(xxii)(C)(A) through (C)	(q)(2)(xxii)(C)(1) through (3)
(q)(2)(xxiii)(i) through (iv)	(q)(2)(xxiii)(A) through (D)
(q)(2)(xxiii)(B)(A) through (D)	(q)(2)(xxiii)(B)(1) through (4)
(q)(2)(xxiii)(C)(A) and (B)	(q)(2)(xxiii)(C)(1) and (2)
(q)(2)(xxiv)(i) and (ii)	(q)(2)(xxiv)(A) and (B)
(q)(2)(xxv)(i) and (ii)	(q)(2)(xxv)(A) and (B)

8. In each newly redesignated paragraph listed in the first column, by removing the language in the second column and adding in its place the language in the third column:

Paragraph	Remove	Add
(q)(2)(ii)(B)(2)	paragraph (ii)(A) of this <i>Example 2</i>	paragraph (q)(2)(ii)(B)(1) of this section (paragraph (1) in the results in this <i>Example 2</i>)
(q)(2)(iv)(B)(2)(i)	paragraph (ii)(A) of this <i>Example 4</i>	paragraph (q)(2)(iv)(B)(1) of this section (paragraph (1) in the results in this <i>Example 4</i>)
(q)(2)(vi)(B)(1)	paragraph (ii)(B) of this <i>Example 6</i>	paragraph (q)(2)(vi)(B)(2) of this section (paragraph (2) in the results in this <i>Example 6</i>)
(q)(2)(vi)(C)	paragraph (i) of this <i>Example 6</i>	paragraph (q)(2)(vi)(A) of this section (the facts in this <i>Example 6</i>)
(q)(2)(xi)(C)	paragraph (i) of this <i>Example 11</i>	paragraph (q)(2)(xi)(A) of this section (the facts in this <i>Example 11</i>)
(q)(2)(xx)(C)	paragraph (i) of this <i>Example 20</i>	paragraph (q)(2)(xx)(A) of this section (the facts in this <i>Example 20</i>)
(q)(2)(xx)(C)	paragraph (ii) of this <i>Example 20</i>	paragraph (q)(2)(xx)(B) of this section (the results in this <i>Example 20</i>)
(q)(2)(xx)(D)	paragraph (i) of this <i>Example 20</i>	paragraph (q)(2)(xx)(A) of this section (the facts in this <i>Example 20</i>)
(q)(2)(xx)(D)	paragraph (ii) of this <i>Example 20</i>	paragraph (q)(2)(xx)(B) of this section (the facts in this <i>Example 20</i>)
(q)(2)(xx)(E)	paragraph (i) of this <i>Example 20</i>	paragraph (q)(2)(xx)(A) of this section (the facts in this <i>Example 20</i>)
(q)(2)(xx)(F)	paragraph (i) of this <i>Example 20</i>	paragraph (q)(2)(xx)(A) of this section (the facts in this <i>Example 20</i>)

Paragraph	Remove	Add
(q)(2)(xxii)(C) introductory text	in paragraph (i) of this <i>Example 22</i>	paragraph (q)(2)(xxii)(A) of this section (the facts in this <i>Example 22</i>)
(q)(2)(xxiii)(C) introductory text	paragraph (i) of this <i>Example 23</i>	paragraph (q)(2)(xxiii)(A) of this section (the facts in this <i>Example 23</i>)
(q)(2)(xxiii)(C) introductory text	paragraph (ii) of this <i>Example 23</i>	paragraph (q)(2)(xxiii)(B) of this section (the results in this <i>Example 23</i>)
(q)(2)(xxiii)(D)	paragraph (i) of this <i>Example 23</i>	paragraph (q)(2)(xxiii)(A) of this section (the facts in this <i>Example 23</i>)
(q)(2)(xxiv)(A)	in paragraph (i) of <i>Example 6</i>	paragraph (q)(2)(vi)(A) of this section (the facts in <i>Example 6</i>)

9. In each paragraph listed in the first column, by removing the language in the second column and adding in its place the language in the third column:

Paragraph	Remove	Add
(c)(1)(ii)	(q)(2) of this section, Example 6	(q)(2)(vi) of this section
(c)(4)(iv)	paragraph (q)(2) of this section, Examples 1, 2, 3, and 5	paragraphs (q)(2)(i), (ii), (iii), and (v) of this section
(j)(1)	(q)(2) of this section, Example 2	(q)(2)(ii) of this section
(k)(1) introductory text	(q)(2) of this section, Example 4	(q)(2)(iv) of this section
(k)(1)(ii)	(q)(2) of this section, Example 3	(q)(2)(iii) of this section
(k)(1)(iii)	(q)(2) of this section, Example 11	(q)(2)(xi) of this section
(k)(6)(i)	(q)(2) of this section, Example 5	(q)(2)(v) of this section
(k)(6)(i)	(q)(2) of this section, Example 6	(q)(2)(vi) of this section
(k)(6)(ii)	(q)(2) of this section, Example 7	(q)(2)(vii) of this section
(k)(6)(iii)	(q)(2) of this section, Example 8	(q)(2)(viii) of this section
(k)(8)	(q)(2) of this section, Example 9	(q)(2)(ix) of this section
(k)(12)(i)	(q)(2) of this section, Example 20	(q)(2)(xx) of this section
(k)(14) introductory text	paragraph (q)(2), Examples 4, 6, 10, 12, 17, 21, and 23 of this section	paragraphs (q)(2)(iv), (vi), (x), (xii), (xvii), (xxi), and (xxiii) of this section
(m)(1)	(q)(2) of this section, Example 13	(q)(2)(xiii) of this section
(n)(1)	(q)(2) of this section, Example 14	(q)(2)(xiv) of this section
(o)(1)(ii)	(q)(2) of this section, Example 15	(q)(2)(xv) of this section
(o)(1)(iii) introductory text	(q)(2), Example 16, of this section	(q)(2)(xvi) of this section
(o)(5)(i)(A)	(q)(2) of this section, Example 18	(q)(2)(xviii) of this section
(o)(5)(i)(B)	(q)(2) of this section, Example 19	(q)(2)(xix) of this section
(o)(5)(i)(C)	(q)(2) of this section, Example 22	(q)(2)(xxii) of this section
(o)(5)(i)(D)	(q)(2) of this section, Example 22	(q)(2)(xxii) of this section
(o)(6)	(q)(2) of this section, Example 20	(q)(2)(xx) of this section
(r)(2)(i)	paragraph (q)(2) of this section, Examples 24 and 25	paragraphs (q)(2)(xxiv) and (xxv) of this section

10. By revising the paragraph (r) subject heading.

11. In paragraph (r)(1)(i), by adding three sentences at the end of the paragraph.

The revisions and addition read as follows:

§1.367(a)-8 Gain recognition agreement requirements.
* * * * *

(k) * * *

(14) * * *

(ii) * * * If, as a result of the disposition or other event, a foreign corporation acquires the transferred stock or securi-

ties or, as applicable, substantially all the assets of the transferred corporation, the condition of this paragraph (k)(14)(ii) is satisfied only if the U.S. transferor owns at least five percent (applying the attribution rules of section 318, as modified by section 958(b) but without applying section 318(a)(3)(A), (B), and (C) so as to consider the U.S. transferor as owning stock which is owned by a person who is not a United States person) of the total voting power and the total value of the outstanding stock of such foreign corporation.

(r) *Applicability dates*—(1) ***

(i) *** Paragraph (k)(14)(ii) of this section applies to transfers occurring on or after October 1, 2019, and to transfers occurring before October 1, 2019, that result from an entity classification election made under §301.7701-3 of this chapter that is filed on or after October 1, 2019. For transfers occurring before October 1, 2019, other than transfers occurring before October 1, 2019, that result from an entity classification election made under §301.7701-3 of this chapter that is filed on or after October 1, 2019, a taxpayer may apply paragraph (k)(14)(ii) of this section to transfers occurring during the last taxable year of a transferee foreign corporation beginning before January 1, 2018, and each subsequent taxable year of the foreign corporation, provided that the taxpayer and United States persons that are related (within the meaning of section 267 or 707) to the taxpayer consistently apply such paragraph with respect to all foreign corporations. For transfers occurring before October 1, 2019, other than transfers occurring before October 1, 2019, that result from an entity classification election made under §301.7701-3 of this chapter that is filed on or after October 1, 2019, where the taxpayer does not apply paragraph (k)(14)(ii) of this section as described in the preceding sentence, see paragraph (k)(14)(ii) of this section as in effect and contained in 26 CFR part 1, as revised April 1, 2020.

Par. 5. Section 1.672(f)-2 is amended by revising paragraphs (a) and (e) to read as follows:

§1.672(f)-2 Certain foreign corporations.

(a) *Application of general rule in this section.* Subject to the provisions of paragraph (b) of this section, if the owner of any portion of a trust upon application of the grantor trust rules without regard to section 672(f) is a controlled foreign corporation or a passive foreign investment company (as defined in section 1297), the corporation is treated as a domestic corporation for purposes of applying the rules of §1.672(f)-1. For purposes of this section, a controlled foreign corporation has the meaning provided in section 957, determined without applying section 318(a)(3)(A), (B), and (C) so as to consider a United States person as owning stock which is owned by a person who is not a United States person.

(e) *Applicability dates.* Except as provided in this paragraph (e), the rules of this section apply to taxable years of shareholders of controlled foreign corporations and passive foreign investment companies beginning after August 10, 1999, and taxable years of controlled foreign corporations and passive foreign investment companies ending with or within such taxable years of the shareholders. The provisions in paragraph (a) of this section relating to the controlled foreign corporations taken into account for purposes of this section apply to taxable years of foreign corporations ending on or after October 1, 2019, and taxable years of United States shareholders in which or with which such taxable years of foreign corporations end. For taxable years of foreign corporations ending before October 1, 2019, and taxable years of United States shareholders in which or with which such taxable years of foreign corporations end, a taxpayer may apply such provisions to the last taxable year of a foreign corporation beginning before January 1, 2018, and each subsequent taxable year of the foreign corporation, and to taxable years of United States shareholders in which or with which such taxable years of the foreign corporation end, provided that the taxpayer and United States persons that are related (within the meaning of section 267 or 707) to the taxpayer consistently apply such provisions with respect to all foreign corporations. For taxable years of foreign corporations

ending before October 1, 2019, and taxable years of United States shareholders in which or with which such taxable years of foreign corporations end, where the taxpayer does not apply the provisions of paragraph (a) of this section relating to controlled foreign corporations, see paragraph (a) of this section as in effect and contained in 26 CFR part 1, as revised April 1, 2020.

Par. 6. Section 1.706-1 is amended:

1. By revising paragraph (b)(6)(ii).

2. By revising the paragraph (b)(6)(v) subject heading.

3. In paragraph (b)(6)(v)(A), by revising the first sentence and adding three sentences after the first sentence.

The revisions and addition read as follows:

§1.706-1 Taxable years of partner and partnership.

(b) ***

(6) ***

(ii) *Definition of foreign partner.* For purposes of this paragraph (b)(6), a foreign partner is any partner that is not a United States person (as defined in section 7701(a)(30)), except that a partner that is a controlled foreign corporation (within the meaning of section 957(a)) in which a United States shareholder (as defined in section 951(b)) owns (within the meaning of section 958(a)) stock is not treated as a foreign partner.

(v) *Applicability dates*—(A) *** The provisions of this paragraph (b)(6) (other than paragraph (b)(6)(iii) of this section and paragraph (b)(6)(ii) of this section to the extent described in the next sentence) apply to partnership taxable years, other than those of an existing partnership, that begin on or after July 23, 2002. The provisions in paragraph (b)(6)(ii) of this section relating to controlled foreign corporations apply to taxable years of foreign corporations ending on or after October 1, 2019, and taxable years of United States shareholders in which or with which such taxable years of foreign corporations end. For taxable years of foreign corporations ending before October 1, 2019, and taxable years of United States shareholders in which or with which such taxable years of

foreign corporations end, a taxpayer may apply such provisions to the last taxable year of a foreign corporation beginning before January 1, 2018, and each subsequent taxable year of the foreign corporation, and to taxable years of United States shareholders in which or with which such taxable years of the foreign corporation end, provided that the taxpayer and United States persons that are related (within the meaning of section 267 or 707) to the taxpayer consistently apply such provisions with respect to all foreign corporations. For taxable years of foreign corporations ending before October 1, 2019, and taxable years of United States shareholders in which or with which such taxable years of foreign corporations end, where the taxpayer does not apply the provisions of paragraph (b)(6)(ii) of this section relating to controlled foreign corporations, see paragraph (b)(6)(ii) of this section as in effect and contained in 26 CFR part 1, as revised April 1, 2020. * * *

* * * * *

Par. 7. Section 1.863-8 is amended:

1. In paragraph (b)(2)(ii), by revising the first sentence and adding a sentence at the end of the paragraph.

2. By revising paragraph (h).

The revisions and addition read as follows:

§1.863-8 Source of income derived from space and ocean activity under section 863(d).

* * * * *

(b) * * *

(2) * * *

(ii) * * * Space and ocean income derived by a controlled foreign corporation (CFC) is income from sources within the United States. * * * For purposes of this section, a CFC has the meaning provided in section 957, determined without applying section 318(a)(3)(A), (B), and (C) so as to consider a United States person as owning stock which is owned by a person who is not a United States person.

* * * * *

(h) *Applicability dates.* Except as provided in this paragraph (h), this section applies to taxable years beginning on or after December 27, 2006. The provisions in paragraph (b)(2)(ii) of this section relating to the meaning of a CFC apply to taxable

years of foreign corporations ending on or after October 1, 2019. For taxable years of foreign corporations ending before October 1, 2019, a taxpayer may apply such provisions to the last taxable year of a foreign corporation beginning before January 1, 2018, and each subsequent taxable year of the foreign corporation, provided that the taxpayer and United States persons that are related (within the meaning of section 267 or 707) to the taxpayer consistently apply such provisions with respect to all foreign corporations. For taxable years of foreign corporations ending before October 1, 2019, where the taxpayer does not apply the provisions of paragraph (b)(2)(ii) of this section relating to the meaning of a CFC, see paragraph (b)(2)(ii) of this section as in effect and contained in 26 CFR part 1, as revised April 1, 2020.

Par. 8. Section 1.863-9 is amended by revising paragraphs (b)(2)(ii) and (l) to read as follows:

§1.863-9 Source of income derived from communications activity under section 863(a), (d), and (e).

* * * * *

(b) * * *

(2) * * *

(ii) *International communications income derived by a controlled foreign corporation.* International communications income derived by a controlled foreign corporation (CFC) is one-half from sources within the United States and one-half from sources without the United States. For purposes of this section, a CFC has the meaning provided in section 957, determined without applying section 318(a)(3)(A), (B), and (C) so as to consider a United States person as owning stock which is owned by a person who is not a United States person.

* * * * *

(l) *Applicability dates.* Except as otherwise provided in this paragraph (l), this section applies to taxable years beginning on or after December 27, 2006. The provisions in paragraph (b)(2)(ii) of this section relating to the meaning of a CFC apply to taxable years of foreign corporations ending on or after October 1, 2019. For taxable years of foreign corporations ending before October 1, 2019, a taxpayer may apply such provisions to the last taxable

year of a foreign corporation beginning before January 1, 2018, and each subsequent taxable year of the foreign corporation, provided that the taxpayer and United States persons that are related (within the meaning of section 267 or 707) to the taxpayer consistently apply such provisions with respect to all foreign corporations. For taxable years of foreign corporations ending before October 1, 2019, where the taxpayer does not apply the provisions of paragraph (b)(2)(ii) of this section relating to the meaning of a CFC, see paragraph (b)(2)(ii) of this section as in effect and contained in 26 CFR part 1, as revised April 1, 2020.

Par. 9. Section 1.904-5 is amended by revising paragraph (a)(4)(i), the first sentence of paragraph (a)(4)(vi), and paragraph (o) to read as follows:

§1.904-5 Look-through rules as applied to controlled foreign corporations and other entities.

(a) * * *

(4) * * *

(i) The term *controlled foreign corporation* has the meaning given such term by section 957 (taking into account the special rule for certain captive insurance companies contained in section 953(c)), determined without applying section 318(a)(3)(A), (B), and (C) so as to consider a United States person as owning stock which is owned by a person who is not a United States person.

* * * * *

(vi) The term *United States shareholder* has the meaning given such term by section 951(b) (taking into account the special rule for certain captive insurance companies contained in section 953(c)), determined without applying section 318(a)(3)(A), (B), and (C) so as to consider a United States person as owning stock which is owned by a person who is not a United States person, except that for purposes of this section, a United States shareholder includes any member of the controlled group of the United States shareholder. * * *

* * * * *

(o) *Applicability dates.* Except as otherwise provided in this paragraph (o), this section is applicable for taxable years that both begin after December 31, 2017, and

end on or after December 4, 2018. Paragraphs (a)(4)(i) and (vi) of this section are applicable for taxable years of foreign corporations ending on or after October 1, 2019, and taxable years of United States persons ending on or after October 1, 2019. For taxable years of foreign corporations ending before October 1, 2019, and taxable years of United States persons ending before October 1, 2019, a taxpayer may apply such provisions to the last taxable year of a foreign corporation beginning before January 1, 2018, and each subsequent taxable year of the foreign corporation, and to taxable years of United States shareholders in which or with which such taxable years of the foreign corporation end, provided that the taxpayer and United States persons that are related (within the meaning of section 267 or 707) to the taxpayer consistently apply such provisions with respect to all foreign corporations. For taxable years of foreign corporations ending before October 1, 2019, and taxable years of United States persons ending before October 1, 2019, where the taxpayer does not apply the provisions of paragraphs (a)(4)(i) and (vi) of this section, see paragraphs (a)(4)(i) and (vi) of this section as in effect and contained in 26 CFR part 1, as revised April 1, 2020.

Par. 10. Section 1.958-2 is amended:

1. By removing and reserving paragraph (d)(2).

2. In paragraph (g), by designating *Examples 1 through 6* as paragraphs (g)(1) through (6), respectively.

3. In newly designated paragraphs (g)(1) and (2), by removing the language “paragraph (c)(1)(iii) and (2) of this section” and adding the language “paragraphs (c)(1)(iii) and (c)(2) of this section” in its place.

4. By revising newly designated paragraph (g)(4).

5. In paragraph (h), by adding three sentences to the end of the paragraph.

6. By removing the parenthetical authority citation at the end of the section.

The revisions and additions read as follows:

§1.958-2 Constructive ownership of stock.

(g) * * *

(4) *Example 4.* Foreign corporation U owns 100 percent of the one class of stock in domestic corporation V and also 100 percent of the one class of stock in foreign corporation W. Because more than 50 percent in value of the stock of V Corporation is owned by its sole shareholder, U Corporation, V Corporation is considered under paragraph (d)(1)(iii) of this section as owning the stock owned by U Corporation in W Corporation, and accordingly is a United States shareholder of W Corporation.

(h) * * * Paragraphs (d)(2) and (g)(4) of this section apply to taxable years of foreign corporations ending on or after October 1, 2019, and taxable years of United States shareholders in which or with which such taxable years of foreign corporations end. For taxable years of foreign corporations ending before October 1, 2019, and taxable years of United States shareholders in which or with which such taxable years of foreign corporations end, a taxpayer may apply such provisions to the last taxable year of a foreign corporation beginning before January 1, 2018, and each subsequent taxable year of the foreign corporation, and to taxable years of United States shareholders in which or with which such taxable years of the foreign corporation end, provided that the taxpayer and United States persons that are related (within the meaning of section 267 or 707) to the taxpayer consistently apply such provisions with respect to all foreign corporations. For taxable years of foreign corporations ending before October 1, 2019, and taxable years of United States shareholders in which or with which such taxable years of foreign corporations end, where the taxpayer does not apply the provisions of paragraphs (d)(2) and (g)(4) of this section, see paragraph (d)(2) and (g)(4) of this section as in effect and contained in 26 CFR part 1, as revised April 1, 2020.

Par. 11. Section 1.6049-5 is amended by revising paragraphs (c)(5)(i)(C) and (g) to read as follows:

§1.6049-5 Interest and original issue discount subject to reporting after December 31, 1982.

(c) * * *

(5) * * *

(i) * * *

(C) A controlled foreign corporation within the meaning of section 957, determined without applying section 318(a)(3)(A), (B), and (C) so as to consider a United States person as owning stock which is owned by a person who is not a United States person.

(g) *Applicability dates.* Except as otherwise provided in this paragraph (g), this section applies to payments made on or after January 6, 2017. For payments made after June 30, 2014, and before January 6, 2017, see this section as in effect and contained in 26 CFR part 1, as revised April 1, 2016. For payments made after December 31, 2000, and before July 1, 2014, see this section as in effect and contained in 26 CFR part 1, as revised April 1, 2013. Paragraph (c)(5)(i)(C) of this section applies to payments made on or after October 1, 2019. For payments made before October 1, 2019, a taxpayer may apply paragraph (c)(5)(i)(C) of this section for payments during the last taxable year of a foreign corporation beginning before January 1, 2018, and each subsequent taxable year of the foreign corporation, provided that the taxpayer and United States persons that are related (within the meaning of section 267 or 707) to the taxpayer consistently apply such paragraph with respect to all foreign corporations. For payments made before October 1, 2019, where the taxpayer does not apply the provisions of paragraph (c)(5)(i)(C) of this section, see paragraph (c)(5)(i)(C) of this section as in effect and contained in 26 CFR part 1, as revised April 1, 2020

*Sunita Lough,
Deputy Commissioner for Services
and Enforcement.*

Approved: July 24, 2020

*David J. Kautter,
Assistant Secretary for the Treasury
(Tax Policy).*

(Filed by the Office of the Federal Register on September 21, 2020, 8:45 a.m., and published in the issue of the Federal Register for September 22, 2020, 85 F.R. 59428)

Part IV

Notice of Proposed Rulemaking

Ownership Attribution Under Section 958 for Purposes of Sections 367(a) and 954(c)(6)

REG-110059-20

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Notice of proposed rulemaking.

SUMMARY: This document contains proposed regulations relating to the modification of section 958(b) of the Internal Revenue Code (“Code”) by the Tax Cuts and Jobs Act, which was enacted on December 22, 2017. The proposed regulations modify the ownership attribution rules applicable to outbound transfers of stock or securities of a domestic corporation under section 367(a). The proposed regulations also narrow the scope of foreign corporations that are treated as controlled foreign corporations for purposes of the look-through rule under section 954(c)(6). The proposed regulations affect United States persons that transfer stock or securities of a domestic corporation to a foreign corporation that are subject to section 367(a), and United States shareholders of foreign corporations.

DATES: Written or electronic comments and requests for a public hearing must be received by November 20, 2020. Requests for a public hearing must be submitted as prescribed in the “**Comments and Requests for a Public Hearing**” section.

ADDRESSES: Commenters are strongly encouraged to submit public comments electronically. Submit electronic submissions via the Federal eRulemaking Portal at www.regulations.gov (indicate IRS and REG-110059-20) by following the online instructions for submitting comments. Once submitted to the Federal eRulemaking Portal, comments cannot be edited

or withdrawn. The IRS expects to have limited personnel available to process public comments that are submitted on paper through mail. Until further notice, any comments submitted on paper will be considered to the extent practicable. The Department of the Treasury (Treasury Department) and the IRS will publish for public availability any comment submitted electronically, and to the extent practicable on paper, to its public docket. Send paper submissions to: CC:PA:LPD:PR (REG- REG-110059-20), room 5203, Internal Revenue Service, PO Box 7604, Ben Franklin Station, Washington, D.C. 20044.

FOR FURTHER INFORMATION CONTACT: Concerning the proposed regulations, Christina G. Daniels at (202) 317-6934 or Lynlee C. Baker at (202) 317-6937; concerning submissions of comments or requests for a public hearing, Regina Johnson at (202) 317-5177 (not toll-free numbers).

SUPPLEMENTARY INFORMATION:

Background

I. Sections 318 and 958(b)(4)

Section 958 provides rules for determining direct, indirect, and constructive stock ownership. Under section 958(a)(1), stock is considered owned by a person if it is owned directly or is owned indirectly through certain foreign entities under section 958(a)(2). Under section 958(b), the constructive stock ownership rules of section 318 apply, with certain modifications, to the extent that the effect is to treat any United States person as a United States shareholder within the meaning of section 951(b) (“U.S. shareholder”) of a foreign corporation, to treat a person as a related person within the meaning of section 954(d)(3), to treat the stock of a domestic corporation as owned by a U.S. shareholder of a controlled foreign corporation within the meaning of section 957 (“CFC”) for purposes of section 956(c)(2), or to treat a foreign corporation as a CFC.

As in effect before repeal, section 958(b)(4) provided that section 318(a)(3) (A), (B), and (C) (providing for so-called “downward attribution”) was not to be applied so as to consider a United States person as owning stock owned by a person who is not a United States person (a “foreign person”). Effective for the last taxable year of foreign corporations beginning before January 1, 2018, and each subsequent year of the foreign corporations, and for the taxable years of U.S. shareholders in which or with which such taxable years of the foreign corporations end, section 958(b)(4) was repealed by section 14213 of the Tax Cuts and Jobs Act, Public Law 115-97 (2017) (the “Act”). As a result of this repeal, stock of a foreign corporation owned by a foreign person can be attributed to a United States person under section 318(a)(3) for various purposes, including for purposes of determining whether a United States person is a U.S. shareholder of the foreign corporation and, therefore, whether the foreign corporation is a CFC. In other words, as a result of the repeal of section 958(b)(4), section 958(b) now provides for downward attribution from a foreign person to a United States person in circumstances in which section 958(b), before the Act, did not so provide. As a result, among other consequences, United States persons that were not previously treated as U.S. shareholders may be treated as U.S. shareholders, and foreign corporations that were not previously treated as CFCs may be treated as CFCs.

On October 2, 2019, the Treasury Department and the IRS published proposed regulations (REG-104223-18) relating to the repeal of section 958(b)(4) in the **Federal Register** (84 FR 52398) (the “2019 proposed regulations”). The 2019 proposed regulations are issued as final regulations in the Rules and Regulations section of this issue of the **Federal Register**. Consistent with the purpose underlying the 2019 proposed regulations, these proposed regulations propose additional changes that are intended to ensure that certain rules under sections 367(a) and 954(c)(6) apply in the same manner in which they applied before the repeal of section 958(b)(4).

II. Section 367(a)

Section 367(a)(1) generally provides that if a United States person transfers property to a foreign corporation in connection with an exchange described in section 332, 351, 354, 356, or 361, the foreign corporation will not be treated as a corporation for purposes of determining the extent to which gain is recognized on the transfer.

Section 1.367(a)-3 provides rules regarding the treatment of transfers of stock or securities by a United States person to a foreign corporation in an exchange described in section 367(a)(1) (“outbound transfer”). Section 1.367(a)-3(b)(1) generally requires a United States person to enter into a gain recognition agreement, pursuant to rules under §1.367(a)-8, to obtain nonrecognition treatment on an outbound transfer of stock or securities of a foreign corporation if the United States person owns at least five percent (applying the attribution rules of section 318, as modified by section 958(b)) of the transferee foreign corporation immediately after the transfer. To obtain nonrecognition treatment on outbound transfers of stock or securities of a domestic corporation (the “U.S. target company”), §1.367(a)-3(c)(1) generally requires the U.S. target company to meet certain reporting requirements and that each of four conditions is satisfied: (1) fifty percent or less of both the total voting power and the total value of the stock of the transferee foreign corporation is received in the transaction, in the aggregate, by U.S. transferors; (2) fifty percent or less of each of the total voting power and the total value of the stock of the transferee foreign corporation is owned, in the aggregate, immediately after the transfer by United States persons that are either officers or directors of the U.S. target company or that are five-percent target shareholders (as defined in §1.367(a)-3(c)(5)(iii)); (3) either the United States person is not a five-percent transferee shareholder (as defined in §1.367(a)-3(c)(5)(ii)), or the United States person enters into a gain recognition agreement as provided in §1.367(a)-8; and (4) the active trade or business test (as defined in §1.367(a)-3(c)(3)) is satisfied. For purposes of applying these tests, §1.367(a)-3(c)(4)(iv) states that, except as otherwise pro-

vided, the stock attribution rules of section 318, as modified by section 958(b), apply in determining the ownership or receipt of stock, securities, or other property.

III. Section 954(c)(6)

Section 954(c)(6)(A) generally provides that for purposes of section 954(c), dividends, interest, rents, and royalties received or accrued by a CFC from a CFC that is a related person are not treated as foreign personal holding company income to the extent attributable or properly allocable (determined under rules similar to the rules of section 904(d)(3)(C) and (D)) to income of the related person that is neither subpart F income nor income treated as effectively connected with the conduct of a trade or business in the United States (the “section 954(c)(6) exception”). In general, and subject to certain limitations, the section 954(c)(6) exception is intended to make U.S.-based multinational corporations more competitive with foreign-based multinational corporations by allowing U.S.-based multinational corporations to reinvest their active foreign earnings where they are needed without giving rise to immediate additional taxation under the subpart F provisions. *See* H.R. Rep. No. 109-304 at 45 (2005).

Section 954(c)(6)(A) provides that the Secretary shall prescribe such regulations as may be necessary or appropriate to carry out the provision, including regulations to prevent the abuse of the purposes of the provision. As most recently extended by the Further Consolidated Appropriations Act, Public Law 116-94 (2020), section 954(c)(6) applies to taxable years of foreign corporations beginning after December 31, 2005, and before January 1, 2021, and to taxable years of U.S. shareholders with or within which such taxable years of foreign corporations end.

Notice 2007-9, 2007-5 I.R.B. 401, describes guidance that the Treasury Department and the IRS intend to issue regarding the application of section 954(c)(6), including certain anti-abuse rules. That notice, in section 7(d), provides, in relevant part:

When the use of options or similar interests causes a foreign corporation to become a CFC payor, and a principal purpose for the use of the options or

similar interests is to qualify dividends, interest, rents, or royalties paid by the foreign corporation for the section 954(c)(6) exception, the dividends, interest, rents, or royalties received or accrued from such foreign corporation will not be treated as being received or accrued from a CFC payor and, therefore, will not be eligible for the section 954(c)(6) exception.

A rule similar to that in section 7(d) of Notice 2007-9 was included in §1.954-1(f)(2)(iv), T.D. 9883, 84 FR 69107 (2019).

Explanation of Provisions

I. Changes in Connection with Section 367(a)

As discussed in part II of the Background section of this preamble, §1.367(a)-3(c)(4)(iv) states that, except as otherwise provided, the constructive stock ownership rules of section 318, as modified by section 958(b), apply for purposes of determining the ownership or receipt of stock, securities or other property under §1.367(a)-3(c). The repeal of section 958(b)(4) and the resulting application of section 318(a)(3)(A), (B), and (C) to the stock ownership tests under §1.367(a)-3(c)(1) can cause a transfer that previously would have satisfied the conditions set forth in §1.367(a)-3(c)(1) to no longer qualify for the exception to section 367(a)(1) because, for example, more shareholders are now considered to be five-percent target shareholders as a result of downward attribution. The conditions set forth in §1.367(a)-3(c)(1) and the attribution rule in §1.367(a)-3(c)(4)(iv) were promulgated when section 958(b)(4) did not allow for downward attribution from foreign persons.

The Treasury Department and the IRS have determined that, for purposes of applying §1.367(a)-3(c)(1)(i), (ii), and (iv), a United States person’s constructive ownership interest should not include an interest that is treated as owned as a result of downward attribution from a foreign person as it would inappropriately treat the United States person as owning an interest it would not have owned under the rules in effect when those regulations were promulgated. The Treasury Department and IRS have determined, however, that the

constructive ownership rules as they apply to the condition set forth in §1.367(a)-3(c)(1)(iii) (which requires that either the United States person is not a five-percent transferee shareholder or the United States person must enter into a gain recognition agreement) should not be modified, and thus will continue to take into account downward attribution. The continued application of downward attribution for purposes of §1.367(a)-3(c)(1)(iii) results in a consistent application of the gain recognition agreement provisions for outbound transfers of stock or securities of domestic and foreign corporations. Although the Act's repeal of section 958(b)(4) may require a United States person to enter into a gain recognition agreement in connection with an outbound transfer of stock or securities of a foreign corporation to obtain nonrecognition treatment when no such agreement would have been required before the Act, no changes are being proposed to §1.367(a)-3(b)(1) because the Treasury Department and the IRS have decided this result is appropriate in light of the policies of section 367(a) and the Act.

Therefore, and in accordance with the regulatory authority provided in section 367(a), the proposed regulations revise §1.367(a)-3(c)(4)(iv) to apply the attribution rules of section 318, as modified by section 958(b) but without applying section 318(a)(3)(A), (B), and (C) to treat a United States person as owning stock that is owned by a foreign person, for all purposes of §1.367(a)-3(c) other than for purposes of determining whether a U.S. person is a five-percent transferee shareholder under §1.367(a)-3(c)(1)(iii).

II. Changes in Connection with Section 954(c)(6)

As discussed in part III of the Background section of this preamble, Congress enacted section 954(c)(6) to generally allow U.S.-based multinational corporations to reinvest their active foreign earnings (in other words, earnings of CFCs subject to U.S. tax deferral) where they are needed outside the United States without giving rise to immediate additional taxation under the subpart F provisions. Accordingly, the section 954(c)(6) exception is intended to apply to payments be-

tween CFCs of a U.S.-based multinational group that have active foreign earnings that are subject to the subpart F provisions. If a foreign corporation is a CFC solely by reason of downward attribution from a foreign person, however, most or all of that foreign corporation's earnings typically are not under U.S. taxing jurisdiction (that is, subject to the subpart F and GILTI provisions or, in some cases, taxed in the United States when distributed to its owners) and, as a result, amounts paid or accrued by that foreign corporation to another foreign corporation that is a CFC (without regard to downward attribution) should not be eligible for the section 954(c)(6) exception. For example, assume a foreign corporation (FC1) is a CFC (without regard to downward attribution) and a member of a foreign parent multinational group, the common parent of which is not a CFC, and another foreign corporation (FC2) that is also a member of the multinational group is a CFC but solely by reason of downward attribution and does not have any U.S. shareholders that own (within the meaning of section 958(a)) stock in such CFC (a "section 958(a) U.S. shareholder"). FC1 makes a loan to FC2. In the absence of regulations, interest received by FC1 from FC2 would be eligible for the exception under section 954(c)(6) even though the income of FC2 is not taxed by the United States. In comparison, if FC1 made a loan to the foreign parent instead of to FC2, interest received by FC1 from the foreign parent would not be eligible for the exception under section 954(c)(6).

Therefore, in accordance with the regulatory authority provided in section 954(c)(6)(A), the proposed regulations limit the application of the section 954(c)(6) exception to amounts received or accrued from foreign corporations that are CFCs without applying section 318(a)(3)(A), (B), and (C) to treat a United States person as owning stock that is owned by a foreign person. The modification in these proposed regulations is consistent with the treatment of interest received by FC1 in the example if instead of making the loan to FC2, FC1 made the loan to the foreign parent of the group and with the purposes of the anti-abuse rules set forth in section 7(d) of Notice 2007-9 and §1.954-1(f)(2)(iv).

Comments are requested as to whether, and if so, to what extent, the section 954(c)(6) exception should be available in cases in which a related foreign payor corporation (that is a CFC solely as a result of downward attribution) has section 958(a) U.S. shareholders and therefore is partially under U.S. taxing jurisdiction.

III. Applicability Dates

The regulations under section 367(a) are proposed to apply to transfers made on or after September 21, 2020.

Subject to special rules for certain entity classification elections and changes in taxable years, the regulations under section 954(c)(6) are proposed to apply to payments or accruals of dividends, interest, rents, and royalties made by a foreign corporation during taxable years of the foreign corporation ending on or after September 21, 2020, and to taxable years of United States shareholders in which or with which such taxable years of the foreign corporation end.

The proposed regulations further provide that taxpayers may choose to apply the rules under section 367 or 954(c)(6), once filed as final regulations in the **Federal Register**, to the last taxable year of a foreign corporation beginning before January 1, 2018, and each subsequent taxable year of the foreign corporation, subject to a consistency requirement. See section 7805(b)(7).

Finally, a taxpayer may rely on the proposed regulations under section 367 or 954(c)(6) with respect to any taxable year before the date that these regulations are published as final regulations in the **Federal Register**, provided that the taxpayer and persons that are related (within the meaning of section 267 or 707) to the taxpayer consistently rely on the proposed regulations under section 367 or 954(c)(6), respectively, with respect to all foreign corporations.

Statement of Availability of IRS Documents

IRS Revenue Procedures, Revenue Rulings, notices, and other guidance cited in this document are published in the Internal Revenue Bulletin and are available from the Superintendent of Documents,

U.S. Government Publishing Office, Washington, DC 20402, or by visiting the IRS website at <http://www.irs.gov>.

Special Analyses

These proposed regulations are not subject to review under section 6(b) of Executive Order 12866 pursuant to the Memorandum of Agreement (April 11, 2018) between the Treasury Department and the Office of Management and Budget regarding review of tax regulations.

It is hereby certified that these proposed regulations will not have a significant economic impact on a substantial number of small entities within the meaning of section 601(6) of the Regulatory Flexibility Act (5 U.S.C. chapter 6). The proposed regulations are intended to ensure that certain rules under sections 367(a) and 954(c) (6) apply in the same manner in which they applied before the repeal of section 958(b)(4). The proposed regulations do not impose any new costs on taxpayers. Consequently, the Treasury Department and the IRS have determined that the proposed regulations will not have a significant economic impact on a substantial number of small entities. Notwithstanding this certification, the Treasury Department and the IRS invite comments on the impacts of these rules on small entities.

Pursuant to section 7805(f), this notice of proposed rulemaking has been submitted to the Chief Counsel for Advocacy of the Small Business Administration for comment on its impact on small business. The Treasury Department and the IRS request comments on the impact of these proposed regulations on small business entities.

Comments and Requests for a Public Hearing

Before these proposed amendments to the regulations are adopted as final regulations, consideration will be given to comments that are submitted timely to the IRS as prescribed in the preamble under the “ADDRESSES” section. The Treasury Department and the IRS request comments on all aspects of the proposed regulations. Any electronic comments submitted, and to the extent practicable any paper comments submitted, will be

made available at www.regulations.gov or upon request.

As noted in the preamble to the 2019 proposed regulations, the Treasury Department and the IRS intend to update the regulations under section 267 to take into account the changes made to that section by Pub. L. 108-357 in future guidance. The Treasury Department and the IRS also intend to update the regulations under section 163(e) to take into account the changes made to that section by Pub. L. 108-357 in future guidance. The Treasury Department and the IRS request comments on the appropriate scope of such guidance.

A public hearing will be scheduled if requested in writing by any person who timely submits electronic or written comments. Requests for a public hearing are also encouraged to be made electronically. If a public hearing is scheduled, notice of the date and time for the public hearing will be published in the **Federal Register**. Announcement 2020-4, 2020-17 IRB 1, provides that until further notice, public hearings conducted by the IRS will be held telephonically. Any telephonic hearing will be made accessible to people with disabilities.

Drafting Information

The principal authors of the proposed regulations are Karen J. Cate, Christina G. Daniels, and Lynlee C. Baker of the Office of Associate Chief Counsel (International). However, other personnel from the Treasury Department and the IRS participated in the development of the proposed regulations.

List of Subjects in 26 CFR Part 1

Income taxes, Reporting and record-keeping requirements.

Proposed Amendments to the Regulations

Accordingly, 26 CFR part 1 is proposed to be amended as follows:

PART 1—INCOME TAXES

Paragraph 1. The authority citation for part 1 is amended by adding an entry for

§1.954(c)(6)-2 in numerical order to read in part as follows:

Authority: 26 U.S.C. 7805.

Section 1.954(c)(6)-2 issued under 26 U.S.C. 954(c)(6)(A).

Par. 2. Section 1.367(a)-3 is amended by revising paragraph (c)(4)(iv) and adding two sentences at the end of paragraph (c)(11)(ii) to read as follows:

§1.367(a)-3 Treatment of transfers of stock or securities to foreign corporations.

(c)***

(4)***

(iv) *Attribution rule.* Except as otherwise provided in this section, the rules of section 318, as modified by the rules of section 958(b) but without applying section 318(a)(3)(A), (B), and (C) so as to consider a U.S. person as owning stock which is owned by a person who is not a U.S. person, apply for purposes of determining the ownership or receipt of stock, securities, or other property under this paragraph. For purposes of determining whether a U.S. person is a five-percent transferee shareholder under paragraph (c)(1)(iii) of this section, however, the rules of section 318, as modified by the rules of section 958(b) (taking into account section 318(a)(3)(A), (B), and (C) so as to consider a U.S. person as owning stock which is owned by a person who is not a U.S. person), apply.

(11)***

(ii)*** Paragraph (c)(4)(iv) of this section applies to transfers occurring on or after September 21, 2020. For transfers occurring before September 21, 2020, a taxpayer may apply paragraph (c)(4)(iv) of this section to transfers occurring during the last taxable year of a foreign corporation beginning before January 1, 2018, and each subsequent taxable year of the foreign corporation, provided that the taxpayer and persons that are related (within the meaning of section 267 or 707) to the taxpayer consistently apply this paragraph with respect to all transfers to all foreign corporations.

Par. 3. Section 1.954(c)(6)-2 is added to read as follows:

§1.954(c)(6)-2 Definition of controlled foreign corporation for purposes of section 954(c)(6).

(a) *Controlled foreign corporation.* For purposes of section 954(c)(6), the term controlled foreign corporation has the meaning given such term by section 957 (taking into account the special rule for certain captive insurance companies contained in section 953(c)), determined without applying section 318(a)(3)(A), (B), and (C) so as to consider a United States person as owning stock which is owned by a person who is not a United States person.

(b) *Applicability dates*—(1) *In general.* Except as provided in paragraph (b) (2) of this section, this section applies to

payments or accruals of dividends, interest, rents, and royalties made by a foreign corporation during taxable years of the foreign corporation ending on or after September 21, 2020, and taxable years of United States shareholders in which or with which such taxable years of the foreign corporation end. This section also applies to taxable years of a foreign corporation ending before September 21, 2020, and taxable years of United States shareholders in which or with which such taxable years of the foreign corporation end, resulting from an entity classification election made under §301.7701-3 of this chapter, or resulting from a change in taxable year under section 898, with respect to the foreign corporation that was effective on or before September 21, 2020 but was filed on or after September 21, 2020.

(2) *Special rule.* A taxpayer may apply this section to the last taxable year of a

foreign corporation beginning before January 1, 2018, and each subsequent taxable year of the foreign corporation ending before September 21, 2020, and to taxable years of United States shareholders in which or with which such taxable years of the foreign corporation end, provided that the taxpayer and persons that are related (within the meaning of section 267 or 707) to the taxpayer consistently apply this section with respect to all foreign corporations.

*Sunita Lough,
Deputy Commissioner for Services
and Enforcement.*

(Filed by the Office of the Federal Register on September 21, 2020, 8:45 a.m., and published in the issue of the Federal Register for September 22, 2020, 85 F.R. 59481)

Definition of Terms

Revenue rulings and revenue procedures (hereinafter referred to as "rulings") that have an effect on previous rulings use the following defined terms to describe the effect:

Amplified describes a situation where no change is being made in a prior published position, but the prior position is being extended to apply to a variation of the fact situation set forth therein. Thus, if an earlier ruling held that a principle applied to A, and the new ruling holds that the same principle also applies to B, the earlier ruling is amplified. (Compare with *modified*, below).

Clarified is used in those instances where the language in a prior ruling is being made clear because the language has caused, or may cause, some confusion. It is not used where a position in a prior ruling is being changed.

Distinguished describes a situation where a ruling mentions a previously published ruling and points out an essential difference between them.

Modified is used where the substance of a previously published position is being changed. Thus, if a prior ruling held that a principle applied to A but not to B, and the

new ruling holds that it applies to both A and B, the prior ruling is modified because it corrects a published position. (Compare with *amplified* and *clarified*, above).

Obsoleted describes a previously published ruling that is not considered determinative with respect to future transactions. This term is most commonly used in a ruling that lists previously published rulings that are obsoleted because of changes in laws or regulations. A ruling may also be obsoleted because the substance has been included in regulations subsequently adopted.

Revoked describes situations where the position in the previously published ruling is not correct and the correct position is being stated in a new ruling.

Superseded describes a situation where the new ruling does nothing more than restate the substance and situation of a previously published ruling (or rulings). Thus, the term is used to republish under the 1986 Code and regulations the same position published under the 1939 Code and regulations. The term is also used when it is desired to republish in a single ruling a series of situations, names, etc., that were previously published over a period of time in separate rulings. If the

new ruling does more than restate the substance of a prior ruling, a combination of terms is used. For example, *modified* and *superseded* describes a situation where the substance of a previously published ruling is being changed in part and is continued without change in part and it is desired to restate the valid portion of the previously published ruling in a new ruling that is self contained. In this case, the previously published ruling is first modified and then, as modified, is superseded.

Supplemented is used in situations in which a list, such as a list of the names of countries, is published in a ruling and that list is expanded by adding further names in subsequent rulings. After the original ruling has been supplemented several times, a new ruling may be published that includes the list in the original ruling and the additions, and supersedes all prior rulings in the series.

Suspended is used in rare situations to show that the previous published rulings will not be applied pending some future action such as the issuance of new or amended regulations, the outcome of cases in litigation, or the outcome of a Service study.

Abbreviations

The following abbreviations in current use and formerly used will appear in material published in the Bulletin.

A—Individual.
Acq.—Acquiescence.
B—Individual.
BE—Beneficiary.
BK—Bank.
B.T.A.—Board of Tax Appeals.
C—Individual.
C.B.—Cumulative Bulletin.
CFR—Code of Federal Regulations.
CI—City.
COOP—Cooperative.
Ct.D.—Court Decision.
CY—County.
D—Decedent.
DC—Dummy Corporation.
DE—Donee.
Del. Order—Delegation Order.
DISC—Domestic International Sales Corporation.
DR—Donor.
E—Estate.
EE—Employee.
E.O.—Executive Order.
ER—Employer.

ERISA—Employee Retirement Income Security Act.
EX—Executor.
F—Fiduciary.
FC—Foreign Country.
FICA—Federal Insurance Contributions Act.
FISC—Foreign International Sales Company.
FPH—Foreign Personal Holding Company.
FR.—Federal Register.
FUTA—Federal Unemployment Tax Act.
FX—Foreign corporation.
G.C.M.—Chief Counsel's Memorandum.
GE—Grantee.
GP—General Partner.
GR—Grantor.
IC—Insurance Company.
I.R.B.—Internal Revenue Bulletin.
LE—Lessee.
LP—Limited Partner.
LR—Lessor.
M—Minor.
Nonacq.—Nonacquiescence.
O—Organization.
P—Parent Corporation.
PHC—Personal Holding Company.
PO—Possession of the U.S.
PR—Partner.
PRS—Partnership.

PTE—Prohibited Transaction Exemption.
Pub. L.—Public Law.
REIT—Real Estate Investment Trust.
Rev. Proc.—Revenue Procedure.
Rev. Rul.—Revenue Ruling.
S—Subsidiary.
S.P.R.—Statement of Procedural Rules.
Stat.—Statutes at Large.
T—Target Corporation.
T.C.—Tax Court.
T.D.—Treasury Decision.
TFE—Transferee.
TFR—Transferor.
T.I.R.—Technical Information Release.
TP—Taxpayer.
TR—Trust.
TT—Trustee.
U.S.C.—United States Code.
X—Corporation.
Y—Corporation.
Z—Corporation.

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¹ A cumulative list of all revenue rulings, revenue procedures, Treasury decisions, etc., published in Internal Revenue Bulletins 2019–27 through 2019–52 is in Internal Revenue Bulletin 2019–52, dated December 27, 2019.

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¹ A cumulative list of all revenue rulings, revenue procedures, Treasury decisions, etc., published in Internal Revenue Bulletins 2019-27 through 2019-52 is in Internal Revenue Bulletin 2019-52, dated December 27, 2019.

Internal Revenue Service

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INTERNAL REVENUE BULLETIN

The Introduction at the beginning of this issue describes the purpose and content of this publication. The weekly Internal Revenue Bulletins are available at www.irs.gov/irb/.

We Welcome Comments About the Internal Revenue Bulletin

If you have comments concerning the format or production of the Internal Revenue Bulletin or suggestions for improving it, we would be pleased to hear from you. You can email us your suggestions or comments through the IRS Internet Home Page (www.irs.gov) or write to the Internal Revenue Service, Publishing Division, IRB Publishing Program Desk, 1111 Constitution Ave. NW, IR-6230 Washington, DC 20224.