

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.

EMPLOYEE PLANS

Notice 2025-60, page 853.

This notice sets forth the 2025 Required Amendments List (2025 RA List). The 2025 RA List applies to individually designed plans qualified under section 401(a) of the Internal Revenue Code and individually designed plans that satisfy the requirements of section 403(b). The 2025 RA List also applies to pre-approved plans with respect to interim amendments.

Notice 2025-68, page 856.

This notice informs taxpayers that the Treasury Department and IRS intend to propose regulations providing guidance regarding section 530A (Trump accounts) and related sections of the Code. Section II of this notice provides a general overview of how Trump accounts and the related sections of the Code work, but this notice is not intended to provide comprehensive guidance regarding Trump accounts. Section III of this notice addresses certain specific initial questions related to Trump accounts. Section IV of this notice contains a request for comments regarding section 530A and related sections of the Code.

INCOME TAX

Notice 2025-75, page 867.

This notice announces that the Department of the Treasury and the IRS intend to issue proposed regulations regarding

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the transition rule for dividends (the “transition rule”) in section 70354(c)(2) of Public Law 119-21, 139 Stat. 72 (July 4, 2025), commonly known as the One, Big, Beautiful Bill Act. The transition rule modifies the application of section 951(a)(2)(B) of the Internal Revenue Code for certain taxable years of foreign corporations beginning before January 1, 2026.

Notice 2025-77, page 872.

This notice describes proposed regulations that Treasury and the IRS intend to issue under section 70312 of Public Law 119-21, 139 Stat. 72 (July 4, 2025), commonly known as the One, Big, Beautiful Bill Act, providing guidance on the effective date and application of section 960(d)(4) of the Code.

Notice 2025-78, page 874.

This notice describes proposed regulations that Treasury and the IRS intend to issue under section 70322 of Public Law 119-21, 139 Stat. 72 (July 4, 2025), commonly known as the One, Big, Beautiful Bill Act, providing guidance on the effective date and application of section 250(b)(3)(A)(i)(VII) of the Code.

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 III

2025 Required Amendments List for Qualified and Section 403(b) Plans

Notice 2025-60

I. PURPOSE

This notice sets forth the 2025 Required Amendments List (2025 RA List). The Required Amendments List (RA List) applies to individually designed plans qualified under section 401(a) of the Internal Revenue Code (Code) (qualified individually designed plans) and individually designed plans that satisfy the requirements of section 403(b) (section 403(b) individually designed plans). The RA List also applies to pre-approved plans with respect to interim amendments.

II. BACKGROUND

Section 401(b) provides a remedial amendment period during which a plan may be amended retroactively to comply with the qualification requirements under section 401(a). Treas. Reg. § 1.401(b)-1 describes the disqualifying provisions that may be amended retroactively and the remedial amendment period during which retroactive amendments may be adopted. That regulation also grants the Commissioner of Internal Revenue the discretion to designate certain plan provisions as disqualifying provisions and to extend the remedial amendment period in guidance published in the Internal Revenue Bulletin (IRB).

Section 5 of Rev. Proc. 2019-39, 2019-42 IRB 945, as modified by section III.B.2(e) of Notice 2020-35, 2020-25 IRB 948, establishes a system of recurring remedial amendment periods for section 403(b) individually designed plan form defects first occurring after June 30, 2020.

Section 5.03(1)(c) of Rev. Proc. 2022-40, 2022-47 IRB 487, provides generally that, except as otherwise provided by statute or in regulations or other guidance published in the IRB, in the case of a qualified or section 403(b) plan that is individually designed and is not a governmental plan within the meaning of section 414(d) of the Code, the remedial amendment period for (1) a disqualifying provision or (2) a form defect first occurring after June 30, 2020, that arises as a result of a change in qualification requirements or section 403(b) requirements, as applicable, expires on the last day of the second calendar year that begins after the issuance of the RA List on which the change in qualification requirements or section 403(b) requirements appears. Section 5.03(2)(c) provides a special rule for governmental plans that may further extend the remedial amendment period in some cases.

Section 6.01 of Rev. Proc. 2022-40 provides that the plan amendment deadline with respect to (1) a disqualifying provision in a qualified individually designed plan, or (2) a form defect first occurring after June 30, 2020, in a section 403(b) individually designed plan is the date on which the remedial amendment period expires in accordance with section 5 of Rev. Proc. 2022-40 with respect to that disqualifying provision or form defect.

Section 7 of Rev. Proc. 2022-40 provides that the Department of the Treasury (Treasury Department) and the Internal Revenue Service (IRS) publish an annual RA List.¹ In general, a change in qualification requirements or section 403(b) requirements will not appear on an RA List until guidance with respect to that change (including, any model amendment, if applicable) has been provided, in regulations or in other guidance published in the IRB. However, in the discretion of the Treasury Department and the IRS, a change in qualification requirements or section 403(b) requirements may be included on an RA List in other circum-

stances, such as in cases in which a statutory change is enacted and the Treasury Department and the IRS anticipate that no guidance will be issued.

Section 7.01(1)(a) of Rev. Proc. 2023-37, 2023-51 IRB 1491, provides that for a pre-approved plan that is not a governmental plan, a provider (or the adopting employer, if applicable) adopts an interim amendment (as defined in section 4.01(9) of Rev. Proc. 2023-37) timely if the plan amendment is adopted by the last day of the second calendar year that begins after the issuance of the RA List in which the change in qualification requirements or section 403(b) requirements appears.

The remedial amendment period applicable to a disqualifying provision or form defect arising as a result of a change in qualification requirements or section 403(b) requirements may be extended beyond the date that normally would apply to an item included on an RA List, if a statute, regulation, or other guidance published in the IRB provides for a later deadline.

Section 501 of the SECURE 2.0 Act² provides, in general, that a retirement plan or annuity contract will be treated as being operated in accordance with the terms of the plan during a specified period and, except as provided by the Secretary of the Treasury (or the Secretary's delegate), a retirement plan will not fail to satisfy the anti-cutback requirements of section 411(d)(6) of the Code or section 204(g) of the Employee Retirement Income Security Act of 1974, Pub. L. 93-406, 88 Stat. 829, as amended (ERISA), by reason of a plan amendment made pursuant to any amendment made by the SECURE 2.0 Act or pursuant to any regulation issued by the Secretary of the Treasury or the Secretary of Labor (or a delegate of either such Secretary) under the SECURE 2.0 Act, provided that:

(1) the amendment is adopted no later than the last day of the first plan year beginning on or after January 1, 2025, or,

¹ In order to help plan sponsors achieve operational compliance with changes in requirements, the IRS also provides the Operational Compliance List, which is a list of changes in both qualification requirements and section 403(b) requirements that are effective during a calendar year, on the IRS website at <https://www.irs.gov/retirement-plans/operational-compliance-list>. See generally section 8 of Rev. Proc. 2022-40.

² Division T of the Consolidated Appropriations Act, 2023, Pub. L. 117-328, 136 Stat. 4459 (2022), known as the SECURE 2.0 Act of 2022 (SECURE 2.0 Act).

for an applicable collectively bargained plan (a plan maintained pursuant to one or more collective bargaining agreements between employee representatives and one or more employers ratified before December 29, 2022), or for a governmental plan (within the meaning of section 414(d) of the Code), the last day of the first plan year beginning on or after January 1, 2027, or such later date as the Secretary may prescribe (the section 501 date);

(2) the amendment applies retroactively to the effective date of the SECURE 2.0 Act provision or the regulations thereunder (or, in the case of an amendment not required by a provision of the SECURE 2.0 Act or the regulations thereunder, the effective date specified by the plan); and

(3) the plan or contract is operated as if the amendment were in effect during the period beginning on the effective date of the SECURE 2.0 Act provision or the regulations thereunder (or, in the case of an amendment not required by a provision of the SECURE 2.0 Act or the regulations thereunder, the effective date specified by the plan or contract) and ending on the section 501 date or, if earlier, the date the amendment is adopted.

Section 501(c) of the SECURE 2.0 Act modifies section 601(b)(1) of the Setting Every Community Up for Retirement Enhancement Act of 2019 (SECURE Act),³ sections 2202(c)(2)(A) and 2203(c)(2)(B)(i) of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act),⁴ and section 302(d)(2)(A) of Title III of the Taxpayer Certainty and Disaster Tax Relief Act of 2020 (Relief Act)⁵ to extend plan amendment deadlines with respect to these sections to coordinate with the plan

amendment deadlines under section 501 of the SECURE 2.0 Act, as applicable.⁶

Notice 2024-2, 2024-2 IRB 316, Q&A J-1, provides the deadlines by which a retirement plan must be amended to reflect the provisions of the SECURE Act, section 104 of the Miners Act, section 2202 or 2203 of the CARES Act, section 302 of the Relief Act, and the SECURE 2.0 Act (the Acts) and the regulations thereunder.⁷ In general, the deadline for a qualified plan: (1) that is not a governmental plan within the meaning of section 414(d) of the Code or an applicable collectively bargained plan is December 31, 2026; (2) that is an applicable collectively bargained plan is December 31, 2028; or (3) that is a governmental plan within the meaning of section 414(d) is December 31, 2029. In general, the deadline to amend a section 403(b) plan: (1) that is not maintained by a public school, as described in section 403(b)(1)(A)(ii), is December 31, 2026; (2) that is an applicable collectively bargained plan of a tax-exempt organization described in section 501(c)(3) is December 31, 2028; or (3) that is maintained by a public school, as described in section 403(b)(1)(A)(ii), is December 31, 2029.

III. REMEDIAL AMENDMENT PERIOD AND PLAN AMENDMENT DEADLINE

For individually designed plans, December 31, 2027, is generally both the last day of the remedial amendment period and the plan amendment deadline with respect to (1) a disqualifying provision arising as a result of a change in qualification requirements that appears on the 2025 RA List, and (2) a form defect

arising as a result of a change in section 403(b) requirements that appears on the 2025 RA List. For pre-approved plans, December 31, 2027, is also generally the last day for a provider (or the adopting employer, if applicable) to timely adopt an interim amendment with respect to such a disqualifying provision or form defect. Later dates may apply to a governmental plan within the meaning of section 414(d) pursuant to section 5.03(2)(c) of Rev. Proc. 2022-40 for individually designed plans and section 7.01(2) of Rev. Proc. 2023-37 for pre-approved plans.

IV. CONTENT AND ORGANIZATION OF RA LIST

In general, an RA List includes changes to statutory and administrative qualification requirements and section 403(b) requirements⁸ that result in disqualifying provisions or form defects and with which a plan must comply in operation during the calendar year in which the list is published.⁹ However, an RA List does not include:

- (1) Guidance issued or legislation enacted after the list has been prepared;
- (2) Changes in requirements that cannot reasonably be reflected in plan language without guidance and with respect to which the Treasury Department and the IRS expect to issue guidance that would be included on an RA List issued in a future year;¹⁰
- (3) Changes in requirements that permit (but do not require) optional plan provisions, in contrast to changes in requirements that cause existing plan provisions (which may include optional plan provisions previously

³Division O of the Further Consolidated Appropriations Act, 2020, Pub. L. 116-94, 133 Stat. 2534 (2019).

⁴Pub. L. 116-136, 134 Stat. 281 (2020).

⁵Division EE of the Consolidated Appropriations Act, 2021, Pub. L. 116-260, 134 Stat. 1182 (2020).

⁶Section G of Notice 2020-68, 2020-38 IRB 567, extended the deadline to amend a plan to reflect section 104 of Division M of the Further Consolidated Appropriations Act, known as the Bipartisan American Miners Act of 2019 (Miners Act), to coordinate with the plan amendment deadlines provided in section 601 of the SECURE Act.

⁷See section II.H of Notice 2024-2 relating to section 348 of the SECURE 2.0 Act for guidance that (1) addresses which cash balance plan amendments are made pursuant to section 348 of the SECURE 2.0 Act for purposes of applying section 501, and (2) sets forth the application of the exception under section 411(d)(6) for those plan amendments changing the interest crediting rate under the plan.

⁸References to qualification requirements and to section 403(b) requirements in Parts IV and V of this notice are referred to as "requirements."

⁹RA Lists also may include changes in requirements with which a plan must comply in operation during a prior calendar year that were not included on a prior RA List under certain circumstances, such as changes in requirements that were issued or enacted after the prior year's RA List was prepared.

¹⁰Items relating to the Roth catch-up requirement under section 603 of the SECURE 2.0 Act are examples of changes described in item (2) and also the principle that, in general, an RA List includes only changes to statutory and administrative qualification requirements and section 403(b) requirements with which a plan must comply in operation during the calendar year in which the list is published. Thus, because final regulations issued in 2025 regarding Roth catch-up contributions (90 Fed. Reg. 44527) are not applicable until taxable years beginning on or after January 1, 2027 (or later dates for collectively bargained and governmental plans), they are not on the 2025 RA List. In addition, because the final regulations regarding Roth catch-up contributions are not yet applicable and do not appear on the 2025 RA List, section 603 of the SECURE 2.0 Act also does not appear on the 2025 RA List. It is anticipated that the final regulations regarding Roth catch-up contributions and section 603 of the SECURE 2.0 Act will appear on the 2027 RA List.

adopted) to become disqualifying provisions or section 403(b) form defects;¹¹ or

- (4) Changes in the tax laws affecting qualified plans or section 403(b) plans that do not cause plan provisions to become disqualifying provisions or section 403(b) form defects (such as changes to the tax treatment of plan distributions or changes to the plan funding requirements).

The RA List is divided into three parts. Part A includes changes in requirements that (1) generally would require an amendment to most plans or to most plans of the type affected by the changes, and (2) do not relate to optional plan provisions previously adopted.

Part B includes changes in requirements that (1) the Treasury Department and the IRS anticipate will not require amendments to most plans but might require an amendment because of an unusual plan provision in a particular plan, and (2) do not relate to optional plan provisions previously adopted. For example, if a change affects a particular requirement that most plans incorporate by reference, Part B would include that change because a particular plan might not incorporate the requirement by reference and, thus, might include language inconsistent with the change.

Part C includes changes in requirements that relate to optional plan provisions previously adopted. For example, changes in requirements included in section L of Notice 2024-2 relating to the treatment of employer contributions or nonelective contributions as Roth contributions under section 604 of the SECURE 2.0 Act were included in Part C of the 2024 RA List. This placement was because plans are not required to include terms providing for that Roth treatment (so that section 604 of the SECURE 2.0 Act will not be listed on any RA List) but plans that were amended to provide for the treatment of employer contributions as Roth contributions prior to the release of section L of Notice 2024-2 were required to comply

with administrative guidance relating to that treatment.

Amendments to an eligible retirement plan (including an annuity contract) made pursuant to a provision of the Acts, or any regulations or other guidance published in the IRB under the Acts, that are made on or before the plan amendment deadline established under the RA List in which the provision is included will not cause the plan to fail to satisfy the anti-cutback requirements of section 411(d)(6) of the Code or section 204(g) of ERISA, if applicable, by reason of the amendments.

Annual, monthly, or other periodic changes to (1) the various dollar limits that are adjusted for cost of living increases as provided in section 415(d) or other Code provisions, (2) the spot segment rates used to determine the applicable interest rate under section 417(e) (3), and (3) the applicable mortality table under section 417(e)(3), are treated as included on the RA List for the year in which such changes are effective even though they are not directly referenced on that RA List. The Treasury Department and the IRS anticipate that few plans have language that will need to be amended on account of these changes.

The fact that a change in a requirement is included on the RA List does not necessarily mean that a plan must be amended as a result of that change. Each plan sponsor must determine whether a particular change in a requirement requires an amendment to its plan.

V. 2025 REQUIRED AMENDMENTS LIST

Part A. *Changes in requirements that generally would require an amendment to most plans or to most plans of the type affected by the change and do not relate to optional plan provisions previously adopted.*

- *Modification of required minimum distribution rules (SECURE Act sections 114*

and 401). Sections 114 and 401 of the SECURE Act amended section 401(a)(9) of the Code to provide for changes to requirements with respect to required minimum distributions (RMDs) from retirement accounts, including required beginning dates and requirements for beneficiaries of retirement accounts. It generally provides for delayed required beginning dates¹² and restricts the ability to “stretch” RMDs over a beneficiary’s life expectancy, with exceptions for certain designated beneficiaries.

- *Required Minimum Distributions (89 Fed. Reg. 58886).* These final regulations relate to required minimum distributions from qualified plans; section 403(b) annuity contracts, custodial accounts, and retirement income accounts; individual retirement accounts and annuities; and certain eligible deferred compensation plans. They address the required minimum distribution requirements for plans qualified under section 401(a) and update the regulations to reflect the amendments made to section 401(a)(9) by sections 114 and 401 of the SECURE Act, and by certain sections of the SECURE 2.0 Act.¹³

Part B. *Changes in requirements that may require an amendment because of an unusual plan provision in a particular plan and do not relate to optional plan provisions previously adopted.*

- *Reform of partnership and trust attribution rules (89 Fed. Reg. 106848).* This regulation extends the partnership and trust attribution rules to the determination of whether a

¹¹ The remedial amendment period and plan amendment deadline for discretionary changes to the terms of an individually designed qualified or section 403(b) plan are governed by sections 5.03(1)(b), 5.03(2)(b), and 6.02 of Rev. Proc. 2022-40. The remedial amendment period and plan amendment deadline for discretionary changes are not affected by the inclusion of a change in requirements on an RA List.

¹² Although a plan may continue to require that benefits commence in connection with a participant attaining age 70 ½, the plan’s RMD provisions may need to be revised to reflect the changes regarding required beginning dates.

¹³ Additional proposed regulations relating to SECURE 2.0 Act changes to the RMD rules will appear on a later RAL upon finalization. See 89 Fed. Reg. 58644.

parent-subsidiary controlled group exists under section 414(c) of the Code (trades or businesses under common control). The change applies to plan years beginning on or after January 1, 2025.

Part C. *Changes in requirements that relate to optional plan provisions previously adopted.*

- *None*

VI. DRAFTING INFORMATION

The principal author of this notice is Tom Morgan of the Office of Associate Chief Counsel (Employee Benefits, Exempt Organizations, and Employment Taxes). For further information regarding this notice, contact Mr. Morgan at (202) 317-6700 (not a toll-free number).

Notice of intent to issue regulations with respect to section 530A Trump accounts

Notice 2025-68

I. PURPOSE

This notice informs taxpayers that the Department of the Treasury (Treasury Department) and the Internal Revenue Service (IRS) intend to propose regulations providing guidance with respect to section 70204 of Public Law 119-21, 139 Stat. 72 (July 4, 2025), commonly known as the One, Big, Beautiful Bill Act (OBBBA). Section 70204 of OBBBA, which applies to taxable years beginning after December 31, 2025, added section 530A and related sections regarding Trump accounts to the Internal Revenue Code (Code).

Section II of this notice provides a general overview of how Trump accounts work.

Section III of this notice addresses certain initial questions related to Trump accounts that the Treasury Department and the IRS intend to address in the forthcoming proposed regulations. The Treasury Department and the IRS expect that the forthcoming proposed regulations will be consistent with the guidance set forth in section III of this notice.¹

Section IV of this notice contains a request for comments regarding Trump accounts. Comments received will be considered in drafting the forthcoming proposed regulations; however, proposed regulations regarding the election to open an initial Trump account and the election for the pilot program contribution under section 6434 may be issued prior to the end of the comment period for this notice. To the extent comments in response to this notice regarding these two subjects are not received in time to consider in drafting those proposed regulations, they will be considered in drafting the final regulations.

II. GENERAL OVERVIEW

A Trump account is a type of traditional individual retirement account (IRA) that is established for the exclusive benefit of an eligible individual and that is designated at its establishment as a Trump account. When the Trump account is opened, the eligible individual is the owner of the Trump account and is referred to as the account beneficiary.

A Trump account is subject to certain special rules inapplicable to other individual retirement arrangements under section 408,² most of which apply only during the period that ends before January 1 of the calendar year in which the account beneficiary attains age 18 (growth period). For example, a child born on October 1, 2025, would turn age 18 on October 1, 2043, and therefore the last day of the growth period with respect to the child would be December 31, 2042. The special rules that apply only during the growth period include: (i) funds in a Trump account can be invested only in eligible investments, (ii) a Trump

account has a separate contribution limit from other individual retirement arrangements, (iii) a Trump account is generally not allowed to make distributions, (iv) no deduction by an individual is allowed under section 219 for any contribution to a Trump account, and (v) trustees of Trump accounts have similar but different reporting requirements from trustees of other IRAs. After the growth period, most of these special rules cease to apply and the rules under section 408 governing traditional IRAs generally apply, as described in the “Coordination with IRA rules” discussion.

Establishment. A Trump account is established for the exclusive benefit of an eligible individual. An eligible individual is any individual (i) for whom an election is made to establish a Trump account, (ii) who has not attained age 18 before the close of the calendar year in which the election is made, and (iii) for whom a social security number has been issued before the date of the election. The Secretary of the Treasury or his delegate (Secretary) will create or organize the Trump account (initial Trump account) for each eligible individual.

During the growth period, a subsequent Trump account (rollover Trump account) may be established for an individual and must be funded by a trustee-to-trustee transfer of the entire account balance from the individual’s existing Trump account (qualified rollover contribution).

Trump accounts contribution pilot program under section 6434 (pilot program). Upon an election under the pilot program, \$1,000 is paid by the Secretary to the Trump account of an eligible child. An eligible child means a qualifying child (as defined in section 152(c)) who is born after December 31, 2024, and before January 1, 2029, who is a U.S. citizen, and for whom no prior pilot program election has been made. Additionally, the eligible child must have a social security number that is included with the election. The \$1,000 deposited into the Trump account under the pilot program is excepted from reduction or

¹The intended collection of certain information addressed in this notice will be subject to the Paperwork Reduction Act (PRA), 44 U.S.C. 3507. No collection of information will be required until approved by the Office of Management and Budget (OMB) under the PRA.

²Individual retirement arrangements are individual retirement accounts under section 408(a) or individual retirement annuities under section 408(b). Use of the term “individual retirement arrangements” refers to both individual retirement accounts and individual retirement annuities, while the term “IRAs” refers only to individual retirement accounts under section 408(a).

offset and is subject to a special rule regarding interest under section 6611(a). Individuals making improper elections under the pilot program are subject to penalties under section 6659.

Contributions. During the growth period, there are five types of contributions that can be made to a Trump account:

- (1) a pilot program contribution from the Secretary of \$1,000 for an eligible child,
- (2) qualified general contributions (funded by states (or political subdivisions thereof), the United States, the District of Columbia, Indian tribal governments, or section 501(c)(3) tax-exempt organizations) for members of a qualified class of account beneficiaries,
- (3) employer contributions that are not includible in the gross income of the employee under section 128 (section 128 employer contributions),
- (4) qualified rollover contributions, and
- (5) contributions from other sources (such as the account beneficiary, parents, or any other person).

Contributions to a Trump account during the growth period are not includible in income by the account beneficiary when made. Pilot program contributions, qualified general contributions, and section 128 employer contributions do not create basis in a Trump account. Qualified rollover contributions are transfers from a prior Trump account and carry over any basis attributable to the funds being transferred. Contributions from other sources during the growth period create basis in the Trump account.

Unlike contributions to IRAs (which require an IRA owner to have includible compensation), contributions may be made to a Trump account during the growth period even if the account beneficiary does not have includible compensation. Pilot program contributions, qualified general contributions, and qualified rollover contributions are not subject to an annual contribution limit. However, all other contributions (that is, section 128 employer contributions and contributions from other sources) during the growth period are subject to an aggregate annual limit of \$5,000 (subject to cost-of-living adjustments after 2027).

Contributions to Trump accounts cannot be made before July 4, 2026.

Eligible investments. During the growth period, funds in a Trump account may be invested only in eligible investments. An eligible investment, generally, is a mutual fund or exchange traded fund (ETF) that tracks an index of primarily U.S. companies, such as the Standard and Poor's 500 stock market index, does not use leverage, does not have annual fees and expenses of more than 0.1 percent of the balance of the investment in the fund, and meets other criteria that the Secretary determines appropriate.

Distributions. During the growth period, no distributions may be made from a Trump account, except for qualified rollover contributions, qualified ABLE rollover contributions, distributions of excess contributions, and distributions upon death of the account beneficiary. After the growth period (that is, starting January 1st of the calendar year in which the account beneficiary attains age 18), distributions from a Trump account generally are subject to the rules that apply to distributions from a traditional IRA, including that a distribution may be subject to the section 72(t) 10% additional tax on early distributions if an exception does not apply with respect to the account beneficiary (such as for distributions for qualified higher education expenses or first home purchases or distributions made after age 59½).

Reporting. During the growth period, Trump accounts are not subject to the IRA reporting requirements of section 408(i). Instead, Trump accounts are subject to reporting requirements under section 530A(i). The reporting requirements under section 530A(i) include language similar to the reporting requirements for IRAs under section 408(i). However, section 530A(i) includes additional reporting requirements that do not apply to other types of IRAs (such as information regarding the source of certain contributions, the investment in the contract (basis), and a report to the Secretary by a trustee that accepts a qualified rollover contribution no later than 30 days after such contribution is made). A person that fails to provide a required report under section 530A(i) is subject to a penalty under section 6693(a) unless the failure is due to reasonable cause.

After the growth period, the reporting requirements of section 408(i) apply to the Trump account. For any given calendar year, a Trump account is never subject to reporting under both sections 408(i) and 530A(i).

Coordination with IRA rules. After the growth period, nearly all of the special rules for Trump accounts (including those relating to contributions, investments, distributions, and trustee reporting) cease to apply. Accordingly, after the growth period, Trump accounts generally will be subject to the section 408 rules that apply to other traditional IRAs (such as the rules related to contributions, distributions, required minimum distributions, rollovers, Roth conversions, ordinary income taxation, and reporting).

Nevertheless, a Trump account continues to be a Trump account after the growth period. An account initially established as a Trump account can never receive contributions under a section 408(k) SEP arrangement or section 408(p) SIMPLE IRA plan. Similarly, an account initially established as a Trump account can never be aggregated with other individual retirement arrangements when allocating basis related to a distribution from either the Trump account or another individual retirement arrangement.

Qualified general contributions. A qualified general contribution is made by the Secretary and funded by a general funding contribution from a state (or political subdivision thereof), the United States, the District of Columbia, an Indian tribal government, or a section 501(c)(3) tax-exempt organization. It is distributed to the Trump accounts of account beneficiaries who are members of a qualified class.

Section 128 employer contributions. Section 128 employer contributions paid to a Trump account of an employee or a dependent of an employee are not includible in the employee's income. Such contributions are limited to \$2,500, subject to cost-of-living adjustments after 2027. Section 128 employer contributions must be made pursuant to a section 128(c) Trump account contribution program. Requirements similar to requirements that apply to a section 129 dependent care assistance program (regarding discrimination, eligibility, notification, statements,

and benefits) apply to a Trump account contribution program.

III. DISCUSSION OF CERTAIN SPECIFIC ISSUES³

The Treasury Department and the IRS intend to propose regulations consistent with the questions and answers in this section III.

A. ESTABLISHMENT

Section 530A(a) provides that, except as provided under section 530A or under regulations or guidance by the Secretary, a Trump account is treated in the same manner as an IRA under section 408(a).

Section 530A(b)(1)(A)(i) provides that a Trump account must initially be created or organized by the Secretary for the exclusive benefit of an eligible individual or such eligible individual's beneficiaries. Pursuant to section 530A(b)(1)(A)(ii), a rollover Trump account is a Trump account that is created or organized in the United States for the exclusive benefit of an individual who has not attained age 18 before the end of the calendar year and is funded by a qualified rollover contribution.

Section 530A(b)(1)(B) provides that an account must be designated as a Trump account at the time of its establishment in such manner as the Secretary shall prescribe.

Section 530A(b)(1)(C) provides that the written governing instrument creating a Trump account must meet certain requirements regarding contributions, distributions, and eligible investments.

Section 530A(b)(2) provides that an "eligible individual" means any individual for whom an election is made to establish a Trump account, who has not attained age 18 before the close of the calendar year in which the election is made, and for whom a social security number (within the meaning of section 24(h)(7)) has been issued before the election is made.

Section 530A(b)(2)(C) provides that an election for an eligible individual may

be made by the Secretary if the Secretary determines (based on information available to the Secretary from tax returns or otherwise) that such individual has met the other requirements to be an eligible individual and no prior election has been made for such individual, or by a person other than the Secretary (at such time and in such manner as the Secretary may prescribe) for the establishment of a Trump account if no prior election has been made for such individual by the Secretary.

Section 530A(e) provides that a "qualified rollover contribution" is a trustee-to-trustee transfer from a Trump account of an account beneficiary to another Trump account for that account beneficiary, but only if the entire balance of the transferring Trump account is transferred.

Section 530A(g) provides that, for an initial Trump account, the Secretary shall take into account certain criteria in selecting the trustee.

Question A-1: How is an initial Trump account created with respect to an eligible individual?

Answer A-1: An authorized individual may elect to have a Trump account established for the benefit of an eligible individual by making the election on IRS Form 4547, *Trump Account Election(s)*, or through an online tool or application on trumpaccounts.gov. A Trump account may be established at the same time as an election is made to receive a pilot program contribution under section 6434 or at any other time before January 1 of the calendar year in which the beneficiary attains the age of 18. By making the election, the authorized individual is representing, under penalties of perjury, that he or she is authorized to elect to have the Trump account opened for the benefit of the eligible individual.

If an election to open the initial Trump account is being made at the same time as an election to receive a pilot program contribution under section 6434, then the individual authorized to make the election under Q&A B-1 of this notice under section 6434 is also the authorized individual for opening the initial Trump account.

If an election to open an initial Trump account is not being made at the same time as the election to receive a pilot program contribution, then the authorized individual for opening the initial Trump account must be a legal guardian, parent, adult sibling, or grandparent of the eligible individual, in that order of priority. If multiple individuals have the same highest level of priority and no prior election has been made for the child, then any individual with that level of priority may make the election. For example, if there is no legal guardian, either parent of an eligible individual may make this election. This ordering rule of who has the authority to request the creation of an account was developed based on the ordering rule of Treas. Reg. § 1.529A-2(c)(1)(C), and comments are requested on whether the ordering rule should be based on a different method.

Once the IRS processes an election to open an initial Trump account, the IRS will process no further elections to open an initial Trump account for the same eligible individual.

For calendar year 2026, this election may be made on IRS Form 4547 (once it is released) at any time, including at the same time that the 2025 income tax return is filed or through the online tool or application. The online tool or application for making the elections is expected to be available on trumpaccounts.gov in the middle of 2026.

After the election is made (and after the Treasury Department coordinates with the trustee of the initial Trump account), the Treasury Department or its agent will send information to the individual who made the election to activate the account through an authentication process and complete the opening of the initial Trump account. The Treasury Department or its agent will send this information starting in May 2026. For more information about how to activate the initial Trump account, go to trumpaccounts.gov.

The individual who made the election for the eligible individual will be the responsible party for the initial Trump

³This notice does not address issues that are not under the Code, such as state law issues or other non-tax laws, including, for example, issues related to state laws on age of majority, privacy issues (such as under the Gramm-Leach-Bliley Act, Pub. L. 106-102, 113 Stat. 1338 (1999)), the USA PATRIOT Act, Pub. L. 107-56, 115 Stat. 272 (2001), or Title I of the Employee Retirement Income Security Act of 1974, Pub. L. 93-406, 88 Stat. 829, as amended (ERISA). The Departments of Labor and Treasury anticipate issuing guidance on how to structure section 128 employer contributions to Trump accounts to ensure that they are not subject to the ERISA coverage framework.

account of that eligible individual. To the extent provided under applicable law and the account agreement, the responsible party generally will have the authority to select among eligible investments (if applicable), request a transfer for a qualified rollover contribution, request a transfer for a qualified ABLE rollover contribution, or select a successor responsible party for the account.

Comments are requested as to whether any guidance will be needed for selecting a new responsible party (for example, if the custody or guardianship of an eligible individual changes or in other appropriate circumstances).

Q. A-2: What type of individual retirement arrangement is a Trump account?

A. A-2: A Trump account is a traditional IRA under section 408(a). A Trump account cannot be an individual retirement annuity under section 408(b), SIMPLE IRA under section 408(p), or Roth IRA under section 408A.

An IRA includes a custodial account that is treated as a trust pursuant to section 408(h). Accordingly, a Trump account may either be a trust under section 408(a) or a custodial account under section 408(h).

Q. A-3: What type of entity can be a trustee of a Trump account?

A. A-3: The trustee of a Trump account must be a bank (as defined in section 408(n)) or other person who is approved by the IRS to be a nonbank trustee of a Trump account. Any person approved by the IRS as of December 31, 2025, to be a nonbank trustee of an IRA under section 408(a) is automatically approved to be a nonbank trustee of a Trump account.

Pursuant to Treas. Reg. § 1.408-2(e)(6)(iv), an approved nonbank trustee must notify the IRS, in writing, of any change that affects the continuing accuracy of any representation made in the application required by that paragraph, whether the change occurs before or after the applicant receives a notice of approval. Becoming a Trump account trustee constitutes such a change. Such notification should

be sent to Internal Revenue Service, Attn: SE:T:EP:RA:T1, Room 6213, 1111 Constitution Ave, NW, Washington, DC 20224. The Treasury Department and the IRS are considering changes to the requirements for nonbank trustees and request comments.

Other persons may request approval to be a nonbank trustee in accordance with the procedures set forth in Treas. Reg. § 1.408-2(e) (relating to IRA nonbank trustees) and section 3.07 of Rev. Proc. 2025-4, 2025-1 IRB 158 (or successor revenue procedures).

Pursuant to section 530A(g), the Treasury Department will select one or more financial institutions as a financial agent to serve as trustee of the initial Trump accounts. The trustees of rollover Trump accounts are not subject to the selection process of section 530A(g).

Q. A-4: When may a rollover Trump account be established?

A. A-4: A rollover Trump account for an account beneficiary may be established only after the initial Trump account is created by the Treasury Department or its agent for the account beneficiary and only during the growth period of the account beneficiary.

Q. A-5: How is a rollover Trump account initially funded?

A. A-5: A rollover Trump account must first be funded by a qualified rollover contribution before receiving any other contribution. In addition, a qualified rollover contribution must be a transfer of the entire balance of a Trump account. As a result, there can only be one funded Trump account for an individual at any time. Thus, when a rollover Trump account is established, a qualified rollover contribution must be initiated to fund the account.

A receiving trustee will be required to have procedures in place to confirm that the first contribution to the rollover Trump account is a qualified rollover contribution. See Q&A F-4 of this notice regarding a requirement that the transferring trustee provide a report to the receiving trustee that the transferring account is a Trump account.

To the extent that a trailing dividend attributable to the transferring Trump account is received by the transferring trustee after a qualified rollover contribution has occurred, the transferring trustee must promptly transfer the trailing dividend to the rollover Trump account that received the qualified rollover contribution. Such transfer is treated as part of the original qualified rollover contribution.

Q. A-6: What happens to the transferring Trump account after a qualified rollover contribution to a rollover Trump account?

A. A-6: After making a qualified rollover contribution, no new contributions may be accepted by the transferring Trump account and the transferring Trump account must be closed within a reasonable period of time.

Q. A-7: After the growth period, may a rollover Trump account be established?

A. A-7: No. An individual must not have attained age 18 before the end of the calendar year in which a rollover Trump account for the individual is established. Accordingly, after the growth period, a new rollover Trump account cannot be established, and therefore no qualified rollover contributions can be made to a new rollover Trump account.

After the growth period, a Trump account may be rolled over to an individual retirement arrangement or other eligible retirement plan (described in section 402(c)(8)(B)(iii) through (vi)) for the benefit of the account beneficiary pursuant to section 408(d)(3)⁴ or transferred in a trustee-to-trustee transfer to an individual retirement arrangement (including a transfer to another individual retirement arrangement maintained by the same trustee) pursuant to Rev. Rul. 78-406, 1978-2 CB 157.

Q. A-8: How is an account designated as a Trump account?

A. A-8: The written governing instrument establishing a Trump account must clearly designate the IRA as a Trump account at the time of establishment. Accordingly, an existing account (such as an IRA) cannot be amended to become

⁴ Pursuant to section 408(d)(3)(A)(ii), if there is basis in the Trump account, the Trump account cannot be rolled over, or transferred in a trustee-to-trustee transfer, to an eligible retirement plan described in section 402(c)(8)(B)(iii) through (vi), but may still be rolled over, or transferred in a trustee-to-trustee transfer, to an individual retirement arrangement.

a Trump account. In addition, a Trump account must be titled to clearly identify that the account is a Trump account for the benefit of the account beneficiary.

Q. A-9: What are the basic requirements for a written governing instrument for a Trump account?

A. A-9: A Trump account is an IRA, and therefore the written governing instrument must generally contain the requirements of section 408(a)(1) through (6), which apply to other IRAs, as well as the requirements of section 530A(b)(1)(C) (i) through (iii), which apply to Trump accounts.

The written governing instrument generally should reflect both the rules that apply during the growth period and the rules that apply after the growth period. For example, during the growth period, the limit on contributions is governed by section 530A(c)(2), while after the end of the growth period, the limit on contributions is governed by section 408(a)(1). In contrast, certain other requirements of section 408 apply both during and after the growth period, such as the requirement of section 408(a)(1) that contributions (other than rollovers) must be made in cash, and the other requirements of section 408(a) (2) through (5). Similarly, some restrictions regarding Trump accounts will continue to apply even after the growth period, such as the prohibition against a Trump account receiving contributions under a SEP arrangement under section 408(k) or a SIMPLE IRA plan under section 408(p).

The Treasury Department and IRS will release sample language in future guidance regarding Trump accounts.

Q. A-10: May the written governing instrument of a Trump account provide that, immediately after the growth period of the account beneficiary, all of the assets of the account will be transferred automatically to a traditional IRA for the account beneficiary that is not a Trump account?

A. A-10: Yes. The written governing instrument of the Trump account may provide that, immediately after the growth period, all of the assets of the Trump account will be transferred to a traditional IRA for the account beneficiary that is not a Trump account and that is maintained by the same trustee as that of the transferring Trump account.

The provision would be a contractual term agreed to by, or on behalf of, the trustee and the account beneficiary, and the transfer must be done in accordance with any applicable requirements of the Code and only if permitted by other applicable law. If the written governing instrument for a Trump account contains such a provision, then the written governing instrument does not need to reflect rules that would apply after the growth period because the Trump account would not remain open after the growth period.

B. PILOT PROGRAM

Section 6434(a) and (d) provide that, if an election is made (at such time and manner as the Secretary provides) by an individual for an eligible child of the individual, the eligible child will be treated as making a payment against the income tax imposed (for the taxable year for which the election was made) of \$1,000. Section 6434(b) provides that the amount of such payment will be paid by the Secretary to the Trump account of the eligible child.

Section 6434(c) provides that an “eligible child” means a qualifying child (as defined in section 152(c)) born after December 31, 2024, and before January 1, 2029, for whom a prior election for a pilot program contribution has not been made, and who is a U.S. citizen.

Section 6434(e) provides that the election must include the eligible child’s social security number, which must have been issued to the child before the election.

Q. B-1: How is an election to receive a pilot program contribution with respect to an eligible child made?

A. B-1: The election to receive a pilot program contribution with respect to an eligible child must be made by an individual who anticipates that the eligible child will be his or her qualifying child (as defined in section 152(c)) for purposes of section 6434 for the tax year in which the election is made. If an individual makes an election in anticipation that the eligible child will be the individual’s qualifying child under section 152(c) and complies with all other rules promulgated by the Secretary for section 6434 elections, the election will not be rendered ineffective solely on the basis that it is later deter-

mined that the eligible child does not meet the definition of a qualifying child of the individual for the tax year in which the election is made. This election is made on an IRS Form 4547 or through an online tool or application on trumpaccounts.gov.

For calendar year 2026, this election may be made on IRS Form 4547 (once it is released) at any time, including at the same time that the 2025 income tax return is filed or through the online tool or application. The online tool or application is expected to be available in the middle of 2026.

If the election for the pilot program contribution with respect to an eligible child is made at the same time as the election to open an initial Trump account of the eligible child, then the pilot program contribution will be made to the initial Trump account.

Q. B-2: When will a pilot program contribution be made with respect to an eligible child?

A. B-2: A pilot program contribution will be deposited into the Trump account of an eligible child no earlier than July 4, 2026. The Treasury Department will make the pilot program contribution as soon as practicable after the election is made and the Treasury Department can confirm with the initial Trump account trustee that the account has been opened.

C. CONTRIBUTIONS

Section 530A(b)(1)(C)(i) provides that the written governing instrument of a Trump account must meet the requirements that no contribution will be accepted (I) before July 4, 2026, or (II) if the contribution would cause aggregate contributions (other than exempt contributions, which consist of qualified rollover contributions, pilot program contributions, or qualified general contributions) to exceed the limit under section 530A(c) (2)(A) for contributions during the growth period. The limit for aggregate contributions (other than exempt contributions) is \$5,000 per year for 2026 and 2027, and thereafter is subject to cost-of-living adjustments.

Section 530A(c)(3) provides that section 219(f)(3) (regarding the time at which contributions are deemed made) will not apply to any contribution to a Trump

account for any taxable year ending during the growth period.

Section 530A(h)(3) provides that, during the growth period, a contribution to a Trump account is not taken into account in applying the contribution limits to individual retirement arrangements that are not Trump accounts.

Q. C-1: Is a trustee of a Trump account required to have procedures to prevent a contribution from exceeding the annual limit under section 530A(c)(2)(A) during the growth period?

A. C-1: Yes. A trustee must have procedures in place to monitor and enforce the prohibition of section 530A(b)(1)(C)(i)(II) (that is, to prevent a contribution from being accepted by a Trump account if the contribution would cause aggregate contributions (other than exempt contributions) to exceed the limit under section 530A(c)(2)(A)). It is not sufficient merely for a written governing instrument of a Trump account to state the prohibition of section 530A(b)(1)(C)(i)(II); the trustee must comply with the prohibition. The procedures may, but are not required to, be in the written governing instrument.

The Treasury Department and the IRS are considering permitting trustees to have a procedure that would permit the trustee to receive a contribution into a general account of the trustee and then transfer to the Trump account the portion of the contribution that does not cause the aggregate contributions to exceed the section 530A(c)(2)(A) limit. Under such procedure, any amount that exceeds the section 530A(c)(2)(A) limit would be returned by the trustee to the contributor rather than transferred to the Trump account. Because only the permitted amount would actually be transferred to the Trump account, there would not be a violation of section 530A(b)(1)(C)(i)(II) and the return of the excess amount would not be subject to the rules regarding distributions of excess contributions in section 530A(d)(5).

A trustee could also have procedures in place to not accept any part of a contribution if accepting the contribution would cause aggregate contributions to exceed the section 530A(c)(2)(A) limit.

Q. C-2: Is a trustee of a Trump account required to collect and report information regarding the source of contributions?

A. C-2: Yes. A trustee is required to collect and report the amount and source of contributions. See section 530A(i)(1)(A) and Q&A F-2 of this notice regarding this reporting requirement. In order to comply with this reporting requirement, a trustee must collect information on whether a contribution is one of the following types of contributions: (1) a pilot program contribution or a qualified general contribution, (2) a qualified rollover contribution, (3) a section 128 employer contribution, or (4) any other type of contribution.

A pilot program contribution and a qualified general contribution will be received by the trustee of a Trump account from the Treasury Department, and the Treasury Department will indicate to the trustee what type of contribution it is, and for a general funding contribution, will provide information regarding the contributor of the general funding contribution, if requested by the contributor. See Q&A F-2 of this notice. A qualified rollover contribution will be identified as such by the transferring trustee to the receiving trustee. As described in Q&A I-2 of this notice, an employer that makes a section 128 employer contribution will be required to affirmatively indicate to the trustee that the contribution is a section 128 employer contribution. The trustee is not required to collect source information for any contribution that is not a pilot program contribution, qualified general contribution, qualified rollover contribution, or section 128 employer contribution.

Q. C-3: May contributions be made to a Trump account and to an individual retirement arrangement that is not a Trump account for the same individual during the growth period?

A. C-3: Yes, contributions may be made to a Trump account and to an individual retirement arrangement that is not a Trump account for the same individual during the growth period. During the growth period, contributions that are not exempt contributions may be made to a Trump account up to the section 530A(c)(2) limit and without regard to whether the account beneficiary has compensation. Contributions also may be made to an individual retirement arrangement that is not a Trump account for the benefit of the account beneficiary in accordance with section 408 if the account beneficiary

has includible compensation under section 219(b)(1).

Q. C-4: May a contribution to a Trump account be treated as made in the preceding taxable year if the contribution is made by the due date of the return for such preceding taxable year?

A. C-4: No. For any taxable year ending during the growth period, a contribution to a Trump account is counted for the year in which the contribution is made (so that a contribution to a Trump account made on January 31, 2027, is for 2027 and cannot be applied to 2026).

D. ELIGIBLE INVESTMENTS

Section 530A(b)(1)(C)(iii) provides that, during the growth period, no part of the Trump account funds may be invested in any asset other than an eligible investment.

Section 530A(b)(3)(A) provides that an “eligible investment” means any mutual fund or ETF which (i) tracks the returns of a qualified index, (ii) does not use leverage, (iii) does not have annual fees and expenses of more than 0.1 percent of the balance of the investment in the fund, and (iv) meets such other criteria as the Secretary determines appropriate.

Section 530A(b)(3)(B) provides that a “qualified index” means the Standard and Poor’s 500 stock market index, or any other index which is comprised of equity investments in primarily U.S. companies and for which regulated futures contracts (as defined in section 1256(g)(1)) are traded on a qualified board or exchange (as defined in section 1256(g)(7)). Section 530A(b)(3)(B) also provides that the term qualified index does not include any industry or sector-specific index but may include an index based on market capitalization.

Q. D-1: What do the terms “mutual fund” and “exchange traded fund” (or ETF) mean for purposes of section 530A(b)(3)?

A. D-1: For purposes of section 530A(b)(3), a mutual fund or ETF must be a domestic corporation (including a regulated investment company as defined in section 851(a)) for Federal income tax purposes that meets the additional requirements to be a mutual fund or ETF in the following paragraphs.

For purposes of section 530A(b)(3), a mutual fund must be registered under the Investment Company Act of 1940, Pub. L. 76-768, 54 Stat. 789 (the 1940 Act), as amended, as an open-end company (as defined in 15 U.S.C. § 80a-5(a)(1)) that is not an ETF (as defined below).

For purposes of section 530A(b)(3), an ETF must be registered under the 1940 Act and must be either an “exchange-traded fund” as defined for purposes of the 1940 Act in 17 C.F.R. § 270.6c-11(a)(1) or an entity that operates in substantially the same manner as such a fund but that is not described in 17 C.F.R. § 270.6c-11(a)(1) because the entity is not a registered open-end management company (for example, a unit investment trust operating under an exemptive order granted by the Securities and Exchange Commission).

Comments are requested regarding the definitions of mutual fund and ETF.

Q. D-2: What does it mean to track the returns of an index for purposes of section 530A(b)(3)(A)(i)?

A. D-2: A mutual fund or ETF tracks the returns of an index if its investment objective is to provide investment results that, before fees and expenses, replicate the performance of the index, and the fund holds investments that are reasonably expected to accomplish that objective. For example, a fund may track the returns of an equity index by holding shares of all of the stocks that are constituents of the index in proportion to the stocks’ weights in the index. A fund does not fail to track the returns of an index merely because the returns from the fund are affected by fees, expenses, trading costs, variations arising from buying and selling securities when the relevant index changes, and similar variations incidental to operating a fund that seeks to replicate the performance of an index.

A mutual fund or ETF is not considered to track the returns of an index if its investment objective is to provide investment results that are inverse to the performance of the index (or inverse to a positive multiple of the index). A fund also is not considered to track the returns of the index if the fund uses any strategy to outperform or perform differently from the index. For example, a fund that increases

or decreases its exposure to some index constituents based on the judgment of advisors does not track the returns of the index. Similarly, a fund that, in some or all market conditions, holds assets intended to decrease or increase the volatility, risk, or current income associated with the index does not track the returns of the index.

Q. D-3: What is considered “leverage” for purposes of section 530A(b)(3)(A)(ii)?

A. D-3: A mutual fund or ETF is considered to use leverage if, as a result of the fund’s use of borrowings, derivatives, or other strategies that are economically equivalent to borrowings, a percentage change in the level of an index tends to cause a materially greater percentage change in the value of the fund’s portfolio. For example, a fund is considered to use leverage if it has a purpose to provide investment results that correspond to the performance of an index multiplied by a number greater than one (regardless of whether the fund uses borrowings, derivatives, or another economic equivalent to provide such results).

A fund is not considered to use leverage merely because the fund borrows for other purposes, such as to provide liquidity for redemptions or for purchases of portfolio securities in connection with investment flows into the fund. Similarly, a fund is not considered to use leverage merely because it enters into derivatives as part of its strategy to replicate the performance of an index.

Q. D-4: What does it mean to have annual fees and expenses of no more than 0.1 percent of the balance of the investment in a mutual fund or ETF for purposes of section 530A(b)(3)(A)(iii)?

A. D-4: A mutual fund or ETF will meet the requirements of section 530A(b)(3)(A)(iii) if the sum of its annual fees and its annual expenses (as described below) is less than 0.1% of the value of the fund’s net assets.

For purposes of section 530A(b)(3)(A)(iii), a fund’s annual fees include any annual or recurring fees charged by the fund directly to the investor. These fees are disclosed in a fund’s prospectus, often under the heading “Shareholder Fees” or “Unitholder Fees” in a fee table. Comments

are requested on the appropriate treatment of fees charged for transactions, such as sales charges or loads or redemption fees.

For purposes of section 530A(b)(3)(A)(iii), a fund’s annual expenses will be the amount set forth in its prospectus, often in the fee table, as total annual operating expenses. These are generally expenses that an investor bears each year indirectly in the form of reduced income from the investment in the fund or a reduction in value of the investor’s investment in the fund. The total is generally stated as a percentage of the value of the investor’s investment, or as a percentage of the value of the fund’s net assets. The reference to expenses in section 530A(b)(3)(A)(iii) is understood to refer to these commonly cited metrics, even though they may omit certain costs, such as trading costs. If a fund’s prospectus lists total operating expenses reduced by fee waivers or expense reimbursements, the reduced amount applies for purposes of section 530A(b)(3)(A)(iii).

Annual fees and annual expenses would not include any amount that is paid to a broker or intermediary and that is not specified or imposed by or on behalf of the fund, such as a broker’s sales commission. Comments are requested regarding the determination of whether a mutual fund or ETF meets the 0.1 percent threshold.

Q. D-5: How is the determination that an index is comprised of equity investments in primarily U.S. companies made for purposes of section 530A(b)(3)(B)(ii)(I)?

A. D-5: An index is considered to be comprised of equity investments if the index is comprised entirely of stocks and similar ownership interests in the form of partnership or membership interests. An index is not comprised of equity investments if it includes debt instruments, derivatives, or any other asset that is not an ownership interest in a company.

A company is a U.S. company if it is domestic under section 7701(a)(4). Under a safe-harbor rule, an index will be treated as comprised of “primarily” U.S. companies for purposes of section 530A(b)(3)(B)(ii)(I) if U.S. companies represent at least 90 percent of the index based on their weighting in the index.⁵ Comments

⁵ Many indexes that are focused on U.S. equities include some issuers that are not domestic for Federal income tax purposes because they are domiciled outside the United States. The Standard and Poor’s 500 stock market index, for example, includes several companies that are not U.S. companies.

are requested regarding the 90 percent threshold.

Q. D-6: What is an industry-specific index or a sector-specific index for purposes of section 530A(b)(3)(B)?

A. D-6: An index is industry-specific or sector-specific if the inclusion of a company depends on the kind of business or industry in which the company is engaged. For example, an index that includes companies operating in only one industry, such as the hotel industry or the airline industry, or sector, such as the travel sector, healthcare sector, or technology sector, is an industry-specific or sector-specific index. So-called environmental, social, and governance indexes are also sector-specific indexes.

The fact that an index is based on market capitalization does not make the index an industry-specific or sector-specific index. An index is based on market capitalization if the index is limited to companies with market capitalizations within a specified range.

Q. D-7: Is a trustee of a Trump account required to have procedures to prevent any part of the account funds from being invested in any asset other than an eligible investment during the growth period?

A. D-7: Yes. A trustee must have procedures in place to monitor and enforce the prohibition of section 530A(b)(1)(C)(iii) (that is, to prevent any part of the account funds from being invested in any asset other than an eligible investment during the growth period). It is not sufficient merely for a written governing instrument of a Trump account to state the prohibition of section 530A(b)(1)(C)(iii); the trustee must comply with the prohibition. The procedures may, but are not required to, be in the written governing instrument.

Such trustee procedures must include at least the following: (1) during the growth period, the trustee must offer only eligible investments as investment options for a Trump account, and (2) during the growth period, the trustee must select a default eligible investment and must promptly invest any uninvested funds in the default eligible investment, unless directed by or on behalf of the account beneficiary to invest the funds in a different eligible investment.

But see Q&As D-8 and D-9 of this notice for limited situations in which

funds need not be invested in eligible investments. Comments are requested to identify other situations in which it would not be inappropriate for funds to remain uninvested for a de minimis amount of time.

Q. D-8: During the growth period, may funds in a Trump account be invested in a money market fund or held in cash?

A. D-8: No, with limited exceptions for cash. Money market funds and cash are not eligible investments. However, during the growth period, the trustee's procedures may permit an amount received as a contribution, a dividend or other distribution from an eligible investment, or an amount received as a result of a disposition (such as sale) of an eligible investment, to be held in cash for the time reasonably necessary to complete the investment of the amount in an eligible investment.

Q. D-9: During the growth period, what happens if an eligible investment becomes ineligible due to a change with respect to the fund?

A. D-9: During the growth period, the trustee's procedures must require reasonable ongoing monitoring by the trustee regarding whether a fund held by a Trump account continues to be an eligible investment. For example, a fund may cease to be an eligible investment if the fund's annual fees and expenses increase or an index tracked by the fund ceases to be a qualified index. The Treasury Department and the IRS are considering safe harbor procedures regarding the reasonable ongoing evaluation procedure (including the frequency of the evaluations, among other aspects), and request comments regarding such safe harbor procedures.

In the event that a fund held by a Trump account ceases to be an eligible investment during the growth period, the Trump account will no longer be permitted to be invested in such fund. Accordingly, the Treasury Department and the IRS are considering providing in future guidance that the trustee's procedures must require the trustee of the Trump account to sell the fund and invest the proceeds in another eligible investment. Comments are requested on this issue of handling ineligible investments.

Q. D-10: May account funds be invested among more than one eligible investment?

A. D-10: Yes. Section 530A does not require that all funds in a Trump account be invested in a single eligible investment. Trustees may permit funds in a Trump account to be invested in multiple eligible investments.

E. DISTRIBUTIONS

Section 530A(b)(1)(C)(ii) provides that the written governing instrument of a Trump account must meet the section 530A(d)(1) requirement that no distribution will be allowed during the growth period, except for a distribution that is a qualified rollover contribution or qualified ABLE rollover contribution, a distribution of excess contributions, or a distribution upon the death of the account beneficiary.

Section 530A(d)(4)(B) provides that a "qualified ABLE rollover contribution" is a trustee-to-trustee transfer of the entire balance of a Trump account, made during the calendar year in which an account beneficiary attains age 17 to an ABLE account of that account beneficiary.

Section 530A(d)(6) provides that if the account beneficiary dies during the growth period, the account shall cease to be a Trump account as of the date of death, and the fair market value of the account (reduced by basis) shall be includible in the gross income of the person who acquires the account beneficiary's interest in the account (or, if that person is the account beneficiary's estate, then the account beneficiary).

Section 529A(b)(2)(B) was amended by section 70204(a)(2)(A) of OBBBA to exclude qualified ABLE rollover contributions from the annual contribution limits for an ABLE account.

Q. E-1: Is a trustee of a Trump account required to have procedures to prevent distributions during the growth period other than certain permitted distributions?

A. E-1: Yes. A trustee must have procedures in place to monitor and enforce the prohibition of section 530A(b)(1)(C)(ii) of the Code that prohibits distributions during the growth period other than permitted distributions, which are distributions that are qualified rollover contributions or qualified ABLE rollover contributions, distributions of excess contributions, or distributions upon the death of the account beneficiary. It is not

sufficient merely for a written governing instrument of a Trump account to state the prohibition of section 530A(b)(1)(C) (ii); the trustee must comply with the prohibition. The procedures may, but are not required to, be in the written governing instrument.

Comments are requested regarding the applicability of withholding under section 3405 for distributions from a Trump account during the growth period (other than distributions that are qualified rollover contributions).

Q. E-2: During the growth period, is it permissible for a trustee to make a hardship distribution from a Trump account or to close a Trump account and distribute the account funds to the account beneficiary?

A. E-2: No. During the growth period, the only permitted distributions are those described in Q&A E-1 of this notice. Thus, a trustee is not permitted to make a hardship distribution from a Trump account or to close the Trump account and distribute the account funds to the account beneficiary.

Q. E-3: When can a rollover be made from the Trump account of an account beneficiary to an ABLE account of the account beneficiary?

A. E-3: During the growth period, a qualified ABLE rollover contribution from a Trump account can be made only during the calendar year in which the account beneficiary attains age 17 (and not in any prior calendar year). After the growth period, a Trump account cannot be rolled over under section 408(d)(3) into an ABLE account.

Q. E-4: What happens upon the death of the account beneficiary of a Trump account?

A. E-4: If an account beneficiary of a Trump account dies after the growth period, the rules that apply to other individual retirement arrangements after the death of the account owner apply (for example, if the inheriting beneficiary of the account is a parent of the account beneficiary, the account would become an inherited IRA for the benefit of that parent pursuant to section 408(d)(3)(C)(ii), and would be subject to the required minimum distribution rules that apply in such a case to other IRAs pursuant to section 408(a)(6)).

However, if the account beneficiary dies during the growth period, the rules of section 530A(d)(6) apply, and the account ceases to be both a Trump account and an IRA as of the date of death. In such a case, the account is treated as if all the assets of the account were distributed on the date of death and, as a result, gross income of the inheriting beneficiary will include the fair market value of the assets as of the date of death (reduced by basis). If the inheriting beneficiary is the estate of the account beneficiary, the amount will be included in the gross income of the account beneficiary for the last taxable year of the account beneficiary.

F. REPORTING

Section 530A(h)(1) provides that the IRA reporting rules under section 408(i) do not apply to a Trump account during the growth period.

Section 530A(i)(1) and (3) provides that, during the growth period, the trustee of a Trump account shall report to the Secretary and to the account beneficiary information with respect to contributions accepted (including the amount and source of any contribution over \$25 made by a person other than the Secretary, the account beneficiary or his or her parent or legal guardian), distributions (including distributions which are qualified rollover contributions), the fair market value of the account, the basis with respect to the account, and such other matters as the Secretary may require.

Section 530A(i)(2) and (3) provides that, during the growth period, a trustee that receives a qualified rollover contribution shall report to the Secretary, not later than 30 days after the date of the qualified rollover contribution, information regarding the account beneficiary (name, address, and social security number), the new Trump account (trustee name and address, account number, routing number), and such other information as the Secretary may require.

Q. F-1: When and how must a trustee provide reports under section 530A(i)(1)?

A. F-1: A trustee must provide certain annual reporting for Trump accounts under section 530A(i)(1) to the Secretary and the account beneficiary. Forms and instructions regarding such annual reporting will be issued in the future.

Additionally, trustees of Trump accounts will be required to provide certain disclosures to account beneficiaries. The disclosure requirements for Trump accounts generally will be similar to the disclosure requirements for other IRAs under Treas. Reg. § 1.408-6. Comments are requested regarding such disclosure requirements.

Q. F-2: What information regarding the source of contributions must a trustee report to the Secretary and the account beneficiary under section 530A(i)(1)?

A. F-2: In order to comply with required reporting of sources of contributions, trustees will need to report on the aggregate amount of contributions for the year under each of the following categories as part of the annual reporting for Trump accounts:

- (1) exempt contributions (which consist of qualified rollover contributions, pilot program contributions, and qualified general contributions),
- (2) section 128 employer contributions, and
- (3) any other contributions (such as contributions from the account beneficiary, parents, or any other person).

Additionally, the trustee will report the amount and the identity of a contributor making the general funding contribution that is related to a qualified general contribution, if the contributor requests to be identified. This additional reporting of the amount and identity applies only to contributors making general funding contributions.

Q. F-3: How will trustees obtain the information regarding the source of contributions?

A. F-3: A pilot program contribution is made by the Treasury Department or its agent and it will be identified as such by the Treasury Department or its agent when the contribution is made.

A qualified general contribution is transferred by the Treasury Department or its agent to the trustees of the applicable Trump accounts (but the source of the contribution is the contributor who makes the underlying general funding contribution), and it will be identified as such by the Treasury Department or its agent when the contribution is transferred to the trustee. If the contributor of the general funding contribution requests it (see Q&A

H-2 of this notice), the Treasury Department or its agent will provide the identity of the contributor to the trustee when the qualified general contribution is transferred to the trustee.

As described in Q&A I-2 of this notice, an employer making a section 128 employer contribution will be required to affirmatively identify the contribution as such when the contribution is made.

The sources of all other contributions do not need to be separately identified when such contributions are made.

Q. F-4: What reporting must be done related to a qualified rollover contribution under section 530A(i)(2)?

A. F-4: Under section 530A(i)(2) reporting will be made to the Treasury Department by a trustee of a rollover Trump account that receives a qualified rollover contribution (receiving trustee), and such reporting must be done within 30 calendar days of the qualified rollover contribution. In order to comply with required qualified rollover contribution reporting, a receiving trustee will need to provide an electronic report to the Treasury Department or its agent. The Treasury Department is evaluating ways for a receiving trustee to provide this reporting in a secure, electronic format and is also evaluating ways to reduce the burden on trustees through automatic reporting simultaneously with a qualified rollover contribution. Comments are requested regarding this proposed reporting format.

In addition to the reporting required under section 530A(i)(2), when the trustee of a Trump account transfers a qualified rollover contribution, the transferring trustee promptly must provide a report to the receiving trustee (but not to the Treasury Department or account beneficiary) identifying the transferring account as a Trump account and providing information regarding the basis in the transferred Trump account and the contributions received by the transferring trustee for the calendar year in which the qualified rollover contribution occurs. This information is necessary in order for the receiving trustee to confirm that the transfer is a qualified rollover contribution from a Trump account, to be able to accurately report the information required pursuant to section 530A(i)(1), and to enforce the

prohibition under section 530A(b)(1)(C)(i) (regarding not accepting a contribution that would exceed the section 530A(c)(2) limit). No particular form or format would be required for this trustee-to-trustee reporting.

G. COORDINATION WITH IRA RULES

Section 408(d)(1) provides that any amount distributed out of an individual retirement arrangement shall be includible in gross income in the manner provided under section 72. Section 72(e)(8)(B) provides that the amount allocated to basis is the portion of the distribution which bears the same ratio to the distribution as the basis bears to the account balance.

Section 408(d)(2) provides that, for purposes of applying section 72, all individual retirement arrangements are treated as one contract and all distributions during any taxable year are treated as one distribution.

Section 530A(a) provides that a Trump account shall be treated in the same manner as an IRA, except as provided by section 530A or under guidance established by the Secretary.

Section 530A(h)(1) provides that the rules of section 408(k) (regarding SEP arrangements) and (p) (regarding SIMPLE IRA plans) do not apply to a Trump account, and, during the growth period, section 408(d) (regarding the tax treatment of individual retirement arrangement distributions) and section 408(i) (regarding IRA reporting) do not apply.

Section 530A(h)(4) provides that the individual retirement arrangement aggregation rule of section 408(d)(2) must be applied separately with respect to Trump accounts and other individual retirement arrangements.

Q. G-1: After the growth period, what rules apply regarding the taxation of distributions from a Trump account?

A. G-1: After the growth period, distributions from a Trump account are subject to the individual retirement arrangement distribution rules under section 408(d), which generally apply to Trump accounts in the same manner as distributions from other traditional individual retirement arrangements. For example, distributions of amounts that are allocable to basis are

not includible in gross income but all other amounts, including all earnings of the account, would be included in gross income upon distribution.

However, section 408(d)(2) is applied separately with respect to a Trump account and other individual retirement arrangements. Accordingly, after the growth period, the portion of a distribution from a Trump account that is allocated to basis in the account is the portion of the distribution that bears the same ratio to the total amount of the distribution as the individual's total basis in the Trump account bears to the total value of the individual's Trump account. In addition, at all times, Trump accounts are disregarded for purposes of determining the portion of a distribution from a traditional individual retirement arrangement that is not a Trump account that is allocated to basis.

The Treasury Department and the IRS anticipate issuing additional guidance with respect to this tax treatment for individual retirement arrangements in general. However, see Q&A A-10 of this notice regarding a permissible provision in the written governing instrument for an automatic trustee-to-trustee transfer to a traditional IRA that is not a Trump account after the growth period.

Q. G-2: Does a Trump account cease to be a Trump account immediately after the growth period?

A. G-2: No. Because of the continuing prohibition against a Trump account receiving contributions under a SEP arrangement under section 408(k) or a SIMPLE IRA plan under section 408(p) and the separate application of section 408(d)(2) with respect to Trump accounts and other individual retirement arrangements, a Trump account does not automatically cease to be a Trump account immediately after the growth period.

However, see Q&A A-10 of this notice, regarding a permissible provision in the written governing instrument for an automatic trustee-to-trustee transfer to a traditional IRA that is not a Trump account after the growth period.

H. QUALIFIED GENERAL CONTRIBUTIONS

Section 530A(f)(1) provides that a "qualified general contribution" is any

contribution that (A) is made by the Secretary pursuant to a general funding contribution, (B) is made to the Trump account of an account beneficiary in the qualified class of account beneficiaries specified in the general funding contribution, and (C) is in an amount equal to the ratio of the amount of such general funding contribution to the number of account beneficiaries in such qualified class.

Section 530A(f)(2) provides that a “general funding contribution” is a contribution (A) made by (i) an entity described in section 170(c)(1) (other than a possession of the United States or a political subdivision thereof) or an Indian tribal government, or (ii) an organization described in section 501(c)(3) and exempt from tax under section 501(a), and (B) which specifies a qualified class of account beneficiaries to whom such contribution is to be distributed.

Section 530A(f)(3)(A) provides that a “qualified class” means any of the following three classes of account beneficiaries—

- (1) All account beneficiaries who are in the growth period when the contribution is made;
- (2) All account beneficiaries who are in the growth period when the contribution is made and who live in one or more states (including the District of Columbia) or other qualified geographic area specified by the general funding contribution; or
- (3) All account beneficiaries who are in the growth period when the contribution is made and who were born in one or more calendar years specified by the general funding contribution.

Section 530A(f)(3)(B) provides that a “qualified geographic area” means any geographic area in which not less than 5,000 account beneficiaries reside and which is designated by the Secretary as a qualified geographic area.

Q. H-1: How will an account beneficiary of a Trump account receive a qualified general contribution?

A. H-1: A qualified general contribution is transferred by the Treasury Department or its agent to the trustee of a Trump account pursuant to a general funding

contribution. The Treasury Department or its agent will identify all account beneficiaries within the qualified class specified by the general funding contribution and will distribute the qualified general contribution to the Trump account of each account beneficiary in the qualified class.

Q. H-2: How is a general funding contribution made?

A. H-2: To make a general funding contribution, an entity described in section 530A(f)(2) (such as a state or section 501(c)(3) organization⁶) will make an application to the Treasury Department or its agent. This application will include the total amount of the general funding contribution, the qualified class, and, if elected by the contributor, a consent to disclose the identity of the contributor to the trustee of the Trump account of each account beneficiary in the qualified class (which identity and amount would then be reported to the account beneficiaries receiving the related qualified general contribution, see Q&A F-2 of this notice). For the calendar years 2026 and 2027, the application will require a minimum general funding contribution equal to at least \$25 per account beneficiary in the qualified class. The Treasury Department anticipates that this application will be available at some time after July 4, 2026. The Treasury Department will provide more information about how and where to make this application before the application process opens.

After receiving and processing the general funding contribution, the Treasury Department or its agent will make the qualified general contribution to the Trump account of each account beneficiary in the qualified class specified in the general funding contribution. Qualified general contributions will be available to be made on a quarterly basis, based on the members of the qualified class as of the beginning of the quarter.

To accommodate the operational rollout of the Trump accounts, the Treasury Department and the IRS will not designate any qualified geographic area during the initial phase. Thus, until the Treasury Department and the IRS designate quali-

fied geographic areas, a qualified class can consist only of:

- (1) All account beneficiaries who are in the growth period when the contribution is made;
- (2) All account beneficiaries who are in the growth period when the contribution is made and who live in one or more states (including the District of Columbia) specified by the general funding contribution; or
- (3) All account beneficiaries who are in the growth period when the contribution is made and who were born in one or more calendar years specified by the general funding contribution.

Comments are requested regarding what uniform factors and criteria the Treasury Department and the IRS should consider using in the future to designate qualified geographic areas under section 530A(f)(3)(B).

Q. H-3: May a contributor of a general funding contribution impose additional eligibility criteria to any of the three qualified classes listed in section 530A(f)(3)(A)?

A. H-3: No. The only permissible qualified classes of account beneficiaries eligible for a qualified general contribution are the three qualified classes listed in section 530A(f)(3)(A). No additional eligibility criteria may be imposed on the qualified class.

I. SECTION 128 EMPLOYER CONTRIBUTIONS

Section 128(a) provides that an amount paid by an employer as a contribution to the Trump account of an employee or of any dependent of such employee pursuant to a Trump account contribution program is excludible from income of the employee.

Section 128(b) provides that the amount excludible under subsection (a) with respect to any employee shall not exceed \$2,500 (subject to cost-of-living adjustments after 2027).

Section 128(c) provides that a “Trump account contribution program” means a separate written plan of an employer for the exclusive benefit of its employees to provide contributions to the Trump

⁶The Treasury Department and the IRS have determined that an organization described in section 501(c)(3) furthers a section 501(c)(3) purpose by making a general funding contribution described in section 530A(f)(2), including distributions from a donor advised fund.

accounts of such employees or dependents of such employees.

Q. I-1: How much can be excluded from gross income of an employee for a contribution by an employer pursuant to a Trump account contribution program?

A. I-1: For a calendar year, up to \$2,500 (subject to cost-of-living adjustments after 2027) may be excluded from gross income of the employee under section 128(b)(1) for a contribution made by an employer pursuant to a Trump account contribution program. This annual limit is per employee and not per dependent of the employee. For example, if an employee has two or more children that have Trump accounts, an employer with a Trump account contribution program may only contribute up to \$2,500 in the aggregate for 2026 to those Trump accounts.

Q. I-2: What information must an employer provide a trustee of a Trump account when making a section 128 contribution?

A. I-2: When making a contribution pursuant to a Trump account contribution program, an employer must affirmatively indicate to the trustee of the Trump account that the contribution is a section 128 employer contribution excludible from gross income of the employee. The trustee of the Trump account may rely on the information from the employer, unless the trustee has knowledge to the contrary.

Q. I-3: May a Trump account contribution program be offered via salary reduction under a section 125 cafeteria plan?

A. I-3: Yes, in most, but not all, circumstances. A Trump account contribution program may be offered via salary reduction under a section 125 cafeteria plan if the contribution is made to the Trump account of the employee's dependent but not if the contribution is made to the Trump account of the employee. Although a Trump account contribution program would be a qualified benefit under section 125(f)(1), a contribution under the Trump account contribution program to a Trump account of the employee would provide deferred

compensation under section 125(d)(2) (A), because the employee would have a vested right to compensation that may be payable to that individual in a later year. The Treasury Department and the IRS intend to address rules related to the coordination of Trump account contribution programs and section 125 cafeteria plans in proposed regulations.

IV. REQUEST FOR COMMENTS

The Treasury Department and the IRS request comments on the intended regulations regarding Trump accounts and related sections of the Code, including the issues addressed in section III of this notice. In particular, the Treasury Department and the IRS request comments in response to the specific comment requests regarding particular issues in Q&As A-1, A-3, D-1, D-4, D-5, D-7, D-9, E-1, F-1, F-4, and H-2.

Comments should be submitted in writing on or before February 20, 2026, and should include a reference to Notice 2025-68.

Comments may be submitted electronically via the Federal eRulemaking Portal at www.regulations.gov (type "IRS Notice 2025-68" in the search field on the www.regulations.gov home page to find this notice and submit comments). Alternatively, comments may be submitted by mail to: Internal Revenue Service, Attn: CC:PA:01:PR (Notice 2025-68), Room 5503, P.O. Box 7604, Ben Franklin Station, Washington, D.C. 20044.

The Treasury Department and the IRS will publish for public availability any comment submitted electronically or on paper to its public docket.

V. DRAFTING INFORMATION

The principal author of this notice is the Office of Associate Chief Counsel (Employee Benefits, Exempt Organizations, and Employment Taxes). For further information regarding this notice, please contact (202) 317-4148 (not a toll-free number).

Transition Rule for Applying Section 951(a)(2)(B)

Notice 2025-75

SECTION 1. PURPOSE

This notice announces that the Department of the Treasury (Treasury Department) and the Internal Revenue Service (IRS) intend to issue proposed regulations (the forthcoming proposed regulations) regarding the transition rule for dividends (the transition rule) in section 70354(c)(2) of Public Law 119-21, 139 Stat. 72 (July 4, 2025), commonly known as the One, Big, Beautiful Bill Act (OBBBA). The transition rule modifies the application of section 951(a)(2)(B) of the Internal Revenue Code (Code) for certain taxable years of foreign corporations beginning before January 1, 2026.

SECTION 2. BACKGROUND

.01 Sections 951(a)(1)(A) and 951A(a) before OBBBA

Sections 951(a)(1)(A) and 951A(a), as in effect before amendments made by the OBBBA,¹ require each United States shareholder (within the meaning of section 951(b) or section 953(c)(1)(A), if applicable) (each shareholder, a U.S. shareholder) of a controlled foreign corporation (within the meaning of section 957 or section 953(c)(1)(B), if applicable) (a CFC) to include amounts in gross income based on certain income of the CFC.

Under section 951(a)(1)(A), a U.S. shareholder of a CFC must include in gross income its pro rata share of the CFC's subpart F income (as defined in section 952) if the U.S. shareholder owns (within the meaning of section 958(a)) stock of the CFC on the last day of the CFC's taxable year on which it is a CFC (the "last relevant day," and such shareholder, a "section 951(a) inclusion shareholder"). Ownership of stock within the meaning of section 958(a) means stock owned directly and stock owned indirectly

¹ Unless otherwise indicated, all references to sections 951 and 951A in this notice are to the versions of those provisions as in effect before the amendments made by the OBBBA.

through foreign corporations and other foreign entities (including certain domestic entities to the extent treated as foreign entities under §1.958-1(d)(1)).²

A U.S. shareholder's pro rata share of a CFC's subpart F income for a taxable year of the CFC is calculated by first determining the amount described in section 951(a)(2)(A). This amount, which is determined based on the U.S. shareholder's proportionate share of a hypothetical distribution by the CFC, represents subpart F income (unreduced by distributions during the taxable year) allocable to stock of the CFC that the U.S. shareholder owns on the last relevant day. *See* §1.951-1(b) and (e). This amount is limited based on the portion of the taxable year during which the foreign corporation is a CFC. The amount determined under section 951(a)(2)(A) is then reduced for certain distributions under section 951(a)(2)(B), as described below in section 2.02 of this notice, to arrive at the U.S. shareholder's pro rata share of the CFC's subpart F income.

Section 951A(a) requires a U.S. shareholder of a CFC to include in gross income its global intangible low-taxed income (GILTI inclusion amount). *See* §1.951A-1(b). A U.S. shareholder's GILTI inclusion amount is determined by taking into account the U.S. shareholder's pro rata share of tested items (as defined in §1.951A-1(f)(5)) of CFCs in which the U.S. shareholder owns stock, such as tested income, tested loss, and qualified business asset investment. *See* §1.951A-1(c). A U.S. shareholder's pro rata shares of a CFC's tested items are determined in the same manner as a U.S. shareholder's pro rata share of a CFC's subpart F income under section 951(a)(2), subject to certain modifications. *See* section 951A(e)(1) and §1.951A-1(d).

.02 Section 951(a)(2)(B) before OBBBA

Section 951(a)(2)(B) addresses cases in which stock of a CFC owned by a U.S. shareholder on the last relevant day was acquired by the U.S. shareholder during the CFC's taxable year. In these cases, section 951(a)(2)(B) generally reduces the

U.S. shareholder's pro rata share of the CFC's subpart F income or tested income, by the amount of distributions received by any other person during the taxable year as a dividend with respect to the acquired stock. For this purpose, section 951(a)(2)(B) specifies that any gain included in the gross income of any person as a dividend under section 1248 is treated as a distribution received by such person with respect to the stock involved.

The reduction under section 951(a)(2)(B) cannot exceed the amount of the dividend that would have been received with respect to the acquired stock if the CFC had distributed an amount equal to its subpart F income or tested income, as relevant, for the taxable year multiplied by a fraction, the numerator of which is the number of days during the taxable year on which the U.S. shareholder did not own the acquired stock, and the denominator of which is the number of days during the taxable year. The reduction, as so limited, represents an amount of distributed income of the CFC that the U.S. shareholder otherwise would include in gross income under section 951(a)(1)(A) or 951A(a) by reason of owning the acquired stock on the last relevant day, but that is not allocable to the period during which the U.S. shareholder owned the acquired stock.

Further, under §1.1502-80(j), in determining the amount described in section 951(a)(2)(B) that is attributable to distributions to which section 959(b) applies, members of a consolidated group (as defined in §1.1502-1(h)) are treated as a single U.S. shareholder for purposes of determining the part of the year during which such shareholder did not own the stock described in section 951(a)(2)(A).

.03 OBBBA Amendments and the Transition Rule

Section 70354 of the OBBBA amends sections 951(a) and 951A for taxable years of foreign corporations beginning after December 31, 2025. As amended, a U.S. shareholder's pro rata share of subpart F income, and tested income and tested loss, of a CFC is generally the portion of such income attributable to the stock of such

CFC owned by such shareholder attributable to any period of the CFC's taxable year during which (i) the shareholder owns such stock, (ii) the shareholder is a U.S. shareholder of the corporation, and (iii) the corporation is a CFC.

For certain taxable years before the amendments to sections 951(a) and 951A in the OBBBA take effect, a U.S. shareholder must take into account the transition rule in section 70354(c)(2) of the OBBBA in determining its pro rata share of subpart F income and tested items. Under the transition rule, certain dividends are not treated as dividends for purposes of applying section 951(a)(2)(B), except to the extent provided by the Secretary.

Under section 70354(c)(2)(A) of the OBBBA, a dividend is subject to the transition rule if the dividend is (i) paid or deemed paid on or before June 28, 2025, and during the taxable year of a CFC that includes such date, provided the U.S. shareholder described in section 951(a) did not own (within the meaning of section 958(a)) the stock of the CFC during the portion of the taxable year on or before June 28, 2025, or (ii) paid or deemed paid after June 28, 2025, and before a foreign corporation's first taxable year beginning after December 31, 2025. Under section 70354(c)(2)(B) of the OBBBA, any dividend subject to the transition rule³ as described in the preceding sentence is not treated as a dividend for purposes of applying section 951(a)(2)(B) if the dividend does not increase the taxable income of a United States person subject to Federal income tax for the taxable year (including by reason of a dividends received deduction, an exclusion from gross income, or an exclusion from subpart F income). The transition rule thus limits the amount of a U.S. shareholder's reduction under section 951(a)(2)(B) when ownership of the stock of the CFC is transferred to the U.S. shareholder during the CFC's taxable year and the CFC paid or is deemed to have paid a dividend that is subject to the transition rule and the dividend does not increase the taxable income of a United States person subject to Federal income tax.

²For purposes of this notice, a reference to stock ownership means stock owned within the meaning of section 958(a).

³This notice refers to a dividend as "subject to the transition rule" if the dividend is described in section 70354(c)(2)(A) of the OBBBA. A dividend "subject to the transition rule" may, however, increase the taxable income of a United States person subject to Federal income tax and therefore still be treated as a dividend for purposes of section 951(a)(2)(B).

SECTION 3. PROPOSED REGULATIONS TO BE ISSUED

.01 In General

The forthcoming proposed regulations would provide the rules described in this section 3.

.02 Meaning of Dividends Paid (or Deemed Paid)

Any amount that is treated as a distribution received by any other person as a dividend under section 951(a)(2)(B), as in effect before the amendments made by the OBBBA, would be a dividend paid (or deemed paid) for purposes of applying the transition rule.⁴ Thus, for example, any gain included in the gross income of any person as a dividend under section 1248 would be treated as a dividend to which the transition rule may apply. This approach is intended to ensure symmetry between “distributions received as a dividend” for purposes of section 951(a)(2)(B) and “dividends paid” for purposes of the transition rule.

.03 Increase in Taxable Income of a United States Person Subject to Federal Income Tax

(1) Meaning of United States Person Subject to Federal Income Tax

For purposes of the transition rule and regardless of whether the person has any Federal income tax liability for any taxable year, a United States person subject to Federal income tax would mean any United States person as defined in section 7701(a)(30) except for (i) a domestic partnership, (ii) an S corporation (as defined in section 1361), (iii) a domestic grantor trust,⁵ or (iv) a bona fide resident (as defined in section 937(a)) of Guam, the Commonwealth of the Northern Mariana Islands, or the U.S. Virgin Islands. A United States person subject to Federal income tax would also include any non-resident alien individual who elects to be treated as a resident of the United States under section 6013(g) or (h).

(2) Look-Through Rule for Partnerships and S Corporations

(a) In General

A look-through rule would apply with respect to (i) dividends paid by a CFC and received by a partnership (domestic or foreign) or S corporation⁶ and (ii) amounts that are or would be includible in the gross income of an S corporation under section 951(a)(1)(A) or section 951A(a)⁷ as a result of a dividend paid by a lower-tier CFC to an upper-tier CFC (applying the rules in section 3.03(3)(b) of this notice). Under this rule, the determination of whether a dividend paid by a CFC increases the taxable income of a United States person subject to Federal income tax is made at the level of the partner or shareholder, as applicable (subject to the rule for tiered structures in section 3.03(2)(b) of this notice). Thus, for example, if a partnership receives a dividend from a CFC, the application of the transition rule is determined by reference to each partner that includes in gross income its distributive share of the dividend under section 702. This approach recognizes that a dividend paid to a partnership or S corporation by a CFC may be included in the distributive share or pro rata share of a partner or shareholder that is a United States person, as applicable, and thereby may increase the taxable income of a United States person subject to Federal income tax.

(b) Tiered Structures

If a dividend is paid by a CFC to a partnership, and a direct owner of the partnership is itself a partnership or an S corporation, then, to the extent the dividend would be allocated to that direct owner under the look-through rule described in section 3.03(2)(a) of this notice, the look-through rule would again be applied at the level of the direct owner. This approach is further applied up the chain until the look-through rule is no longer applicable.

(c) Publicly Held Domestic Partnerships

To the extent a dividend paid by a CFC would be allocated under the look-through rule described in section 3.03(2)(a) of this notice to a de minimis owner (as defined below) by reason of an interest in a class of publicly held interests (as defined below) in a domestic partnership, the dividend would be treated as increasing the taxable income of a United States person subject to Federal income tax for purposes of the transition rule. This rule would not apply, however, if the domestic partnership has actual knowledge of facts that allow the partnership to determine that the de minimis owner is not a United States person subject to Federal income tax or that the dividend paid by the CFC does not increase the de minimis owner's taxable income.

A de minimis owner would be any person that owns no more than 5 percent of a class of publicly held interests in a domestic partnership on any day of the taxable year of the domestic partnership. For this purpose, a person would be treated as owning an interest in a class of publicly held interests if the person owns the interest directly or by applying the rules of section 318(a) (except that section 318(a)(2)(C) and (a)(3)(C) would be applied by substituting “5 percent” for “50 percent”). A class of publicly held interests would be defined as any class of interests in a domestic partnership that is regularly traded on an established securities market as defined in §1.7704-1(b), but without regard to §1.7704-1(b)(3).

(3) Meaning of Does Not Increase Taxable Income

(a) Taxable Income

For purposes of the transition rule, “taxable income” would generally be defined to mean “taxable income” as defined in section 63. However, this definition would be modified in the case of certain types of entities subject to Federal income tax on a basis other than taxable income under section 63. Thus, for purposes of the trans-

⁴For the remainder of this notice, a reference to dividends paid means “dividends paid (or deemed paid).”

⁵The term “domestic grantor trust” for purposes of this notice means any trust that is a United States person described in section 7701(a)(30)(E) and that is treated as owned by a person under sections 671 through 678. In the case of a dividend paid by a CFC to a grantor trust (domestic or foreign), the determination of whether the dividend increases the taxable income of a United States person subject to Federal income tax is made at the level of the grantors or other persons treated as owners of the trust (or the relevant portion thereof). See section 671.

⁶For purposes of sections 951 through 965, an S corporation is treated as a partnership, and the shareholders of the S corporation are treated as partners of such partnership. See section 1373(a).

⁷An S corporation may have an inclusion under section 951(a)(1)(A) or 951A(a) if an election is made to treat the S corporation as owning stock of a CFC under section 958(a) for purposes of applying sections 951 and 951A. See proposed §1.958-1(e), 87 FR 3890 (Jan. 25, 2022).

sition rule, “taxable income” would mean (i) investment company taxable income (as defined in section 852(b)) in the case of a regulated investment company (RIC) that satisfies the requirements of section 852(a) for a relevant taxable year of the RIC, (ii) real estate investment trust taxable income (as defined in section 857(b)(2)) in the case of a real estate investment trust (REIT) that satisfies the requirements of section 857(a) for a relevant taxable year of the REIT, and (iii) unrelated business taxable income (as defined in section 512) (UBTI) for any organization that is exempt from taxation by reason of section 501(a).

This approach would recognize that in the case of RICs, REITs, and organizations exempt from taxation by reason of section 501(a), investment company taxable income, real estate investment trust taxable income, and UBTI, respectively, are the categories of income that are generally subject to Federal income tax under Chapter 1 and therefore appropriately treated as taxable income for purposes of the transition rule. *See* sections 851(b)(1), 857(b)(1), and 511(b)(1).

(b) Increase to Taxable Income

Whether a dividend results in an increase to the taxable income of a United States person subject to Federal income tax for the taxable year would be determined after the application of any exclusion that results in the dividend not being included in gross income or taxable income, or any dividends received deduction that reduces the amount of the dividend included in taxable income. Thus, for example, a dividend would not increase the taxable income of a United States person subject to Federal income tax to the extent (i) the dividend is excluded from gross income under section 931 or 933, (ii) the dividend qualifies for, or gives rise to, a dividends received deduction under section 245A, including by reason of section 1248(j) or 964(e)(4), or (iii) the dividend is paid to a CFC and does not give rise to subpart F income or tested income to the CFC because the exclusion under section 959(b) or 954(c)(6) applies.

Further, the determination of the amount by which a dividend paid by a CFC increases the taxable income of a United States person subject to Federal income tax is made without regard to decreases to

taxable income resulting from generally applicable deductions of the United States person that are not particular to the receipt of a dividend. A dividend may therefore result in an increase to the taxable income of a United States person subject to Federal income tax even if that income is offset by a deduction, such as a deduction for depreciation under section 167, a net operating loss deduction under section 172, a deduction for distributions under section 651 or 661, or a deduction for dividends paid under section 852(b)(2)(D) or 857(b)(2)(B).

In the case of a dividend paid by a lower-tier CFC to an upper-tier CFC, for purposes of the transition rule, the dividend would be treated as increasing the taxable income of a United States person subject to Federal income tax to the extent the dividend is taken into account in determining a U.S. shareholder’s inclusion under section 951(a)(1)(A) or 951A(a). Specifically, a dividend is treated as increasing the taxable income of a United States person subject to Federal income tax to the extent the dividend would give rise to an amount includible in gross income by a U.S. shareholder under section 951(a)(1)(A), determined without regard to properly allocable deductions of the upper-tier CFC, the earnings and profits limitation under section 952(c)(1)(A), qualified deficits under section 952(c)(1)(B), or chain deficits under section 952(c)(1)(C). Similarly, a dividend paid by a lower-tier CFC to an upper-tier CFC would be treated as increasing the taxable income of a United States person subject to Federal income tax to the extent the dividend would give rise to an amount includible in gross income by a U.S. shareholder under section 951A(a), determined without regard to properly allocable deductions of the upper-tier CFC, tested losses of any other CFCs, and the net deemed tangible income return (as defined in section 951A(b)(2)) of the U.S. shareholder. Notwithstanding the phrase “determined without regard to properly allocable deductions” in this paragraph, any dividend paid to a CFC that is excluded from the CFC’s subpart F income or tested income under the high-tax exception or the high-tax exclusion (*see* section 954(b)(4) and §1.951A-2(c)(1)(iii)) would not be treated as increasing the taxable income of a United States

person subject to Federal income tax for purposes of applying the transition rule.

(c) Extent to Which a Dividend Does Not Increase Taxable Income

To the extent a dividend subject to the transition rule increases the taxable income of a United States person subject to Federal income tax by less than the full amount of the dividend, the portion of the dividend that does not increase the taxable income of a United States person subject to Federal income tax would not be treated as a dividend for purposes of applying section 951(a)(2)(B). Thus, for example, if section 1059(a)(2) applies to require the recognition of gain with respect to the nontaxed portion of a dividend that exceeds a domestic recipient corporation’s basis in a share of stock of the foreign distributing corporation, and the dividend is subject to the transition rule, the nontaxed portion of the dividend that does not result in gain would not be treated as a dividend for purposes of applying section 951(a)(2)(B).

Similarly, if a dividend is subject to the transition rule, and only a portion of the dividend increases the taxable income of a United States person subject to Federal income tax due to the application of the look-through rule described in section 3.03(2) of this notice, the portion of the dividend that does not increase the taxable income of a United States person subject to Federal income tax would not be treated as a dividend for purposes of applying section 951(a)(2)(B). Further, in cases in which a dividend is subject to the transition rule and is paid by a lower-tier CFC to an upper-tier CFC, the dividend would not be treated as a dividend for purposes of applying section 951(a)(2)(B) to the extent the dividend is not taken into account in determining the gross income of a U.S. shareholder of the upper-tier CFC under section 951(a) or 951A(a) (applying the rules in section 3.03(3)(b) of this notice). This could be the case, for example, if neither section 954(c)(6) nor 959(b) applies and such dividend is included in the upper-tier CFC’s subpart F income but a portion of the stock of the upper-tier CFC is not owned by a section 951(a) inclusion shareholder.

Additionally, the determination of whether a dividend increases taxable income of a United States person subject

to Federal income tax would be made on a share-by-share basis. For example, if a domestic corporation sells multiple shares of stock of a CFC and the gain on each of those shares is treated as a dividend under section 1248(a) that is subject to the transition rule, but the amount of gain treated as a dividend with respect to certain of those shares does not qualify for the deduction under section 245A because the domestic corporation fails to meet the holding period requirement described in section 246(c)(1) and (5) with respect to such shares, then the amount treated as a dividend with respect to which the deduction under section 245A is allowed would not be treated as a dividend for purpose of section 951(a)(2)(B).

(d) Coordination with Other Rules

(i) In General

The determination of whether a dividend paid by a CFC increases the taxable income of a United States person subject to Federal income tax for purposes of the transition rule would be determined by applying all applicable Code sections and Treasury regulations before applying the transition rule.

(ii) Section 245A and §1.245A-5

Consistent with the general rule described in section 3.03(3)(d)(i) of this notice, the determination of whether a dividend increases the taxable income of a United States person subject to Federal income tax for purposes of the transition rule would be made after applying section 245A and §1.245A-5 without regard to the transition rule. Thus, for example, in determining a controlling section 245A shareholder's pre-reduction pro rata share under the rules for extraordinary reduction amounts in §1.245A-5(e), the forthcoming proposed regulations would clarify that any decrease for amounts taken into account by a U.S. tax resident under §1.245A-5(e)(2)(ii)(B) is determined before the transition rule could apply to limit the amount of the reduction under section 951(a)(2)(B). Furthermore, because an extraordinary reduction amount or tiered extraordinary reduction amount is determined without regard to the transition rule, the forthcoming proposed regulations would clarify that the election to close a CFC's taxable year described in §1.245A-5(e)(3)(i)(A) remains available to a controlling section 245A shareholder that disposes of

stock in a CFC provided the other conditions in §1.245A-5(e)(3)(i)(A) are met.

(4) Establishing a Dividend Increases Taxable Income

A section 951(a) inclusion shareholder that reduces its pro rata share of subpart F income or tested income under section 951(a)(2)(B), as a result of a dividend subject to the transition rule, must determine and document that the dividend increased the taxable income of a United States person subject to Federal income tax. The section 951(a) inclusion shareholder would be required to attach a statement to Form 5471, *Information Return of U.S. Persons With Respect To Certain Foreign Corporations* (or successor), that (i) provides the amount of each dividend paid by the CFC (with respect to the stock owned by the section 951(a) inclusion shareholder filing the return) that is subject to the transition rule but treated as a dividend for purposes of applying section 951(a)(2)(B), and (ii) describes why the section 951(a) inclusion shareholder filing the return is entitled to treat each such amount as a dividend for purposes of section 951(a)(2)(B) after application of the transition rule. The statement would be required to describe how the section 951(a) inclusion shareholder determined that each amount described in the prior sentence increased the taxable income of a United States person subject to Federal income tax, applying the rules described in section 3 of this notice.

.04 Ownership of Stock of a CFC on or Before June 28, 2025

As described in section 2.03 of this notice, a dividend is not subject to the transition rule if (1) it is paid on or before June 28, 2025, and during the taxable year of a CFC that includes that date, and (2) the section 951(a) inclusion shareholder owned the stock of the CFC during the portion of such taxable year on or before June 28, 2025. The forthcoming proposed regulations would provide that, for this purpose, the reference to "the stock" means the specific shares of stock of the CFC with respect to which a dividend was paid, and for which the section 951(a) inclusion shareholder would otherwise reduce its pro rata share under section 951(a)(2)(B) absent the application of the transition rule. Accordingly, if a U.S. shareholder acquires shares of stock in a

CFC after June 28, 2025, dividends paid with respect to those shares on or before June 28, 2025, and during the taxable year of the CFC that includes such date, are subject to the transition rule even if the U.S. shareholder owned other shares in the CFC on or before June 28, 2025.

SECTION 4. APPLICABILITY DATE AND RELIANCE

The forthcoming proposed regulations would apply to the taxable years of a CFC that either (i) include June 28, 2025, or (ii) begin after June 28, 2025, but before such CFC's first taxable year beginning after December 31, 2025. A taxpayer may rely on the rules described in section 3 of this notice for dividends paid before the forthcoming proposed regulations are published in the Federal Register, provided the taxpayer and its related parties (within the meaning of sections 267(b) and 707(b)(1)) follow the rules in their entirety and in a consistent manner for all dividends paid before the forthcoming proposed regulations are published.

SECTION 5. PAPERWORK REDUCTION ACT

The Paperwork Reduction Act of 1995 (44 U.S.C. 3501-3520) (PRA) generally requires that a federal agency obtain the approval of the Office of Management and Budget (OMB) before collecting information from the public, whether such collection of information is mandatory, voluntary, or required to obtain or retain a benefit. An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid control number assigned by the OMB.

The collection of information in this notice contains reporting and record-keeping requirements that are required to enable the IRS to verify that a taxpayer is reporting the correct amount of taxable income. The collection of information will be used by the IRS for tax compliance purposes. The likely respondents are business and other for profit institutions.

This notice includes a reporting requirement to provide the IRS with a statement describing why the United States person filing the return is entitled

to treat certain dividend amounts as a dividend for purposes of section 951(a)(2)(B) as described in section 3.03(4). The statement must describe how the United States person determined that the dividend increased the taxable income of a United States person subject to Federal income tax, applying the rules described in section 3 of this notice. This reporting requirement to attach a statement to Form 5471 will be included within OMB Control Numbers 1545-0123 for business filers, 1545-0074 for individual filers, 1545-0092 for trust and estate filers, and 1545-0047 for tax exempt filers in accordance with the PRA procedures under 5 CFR 1320.10.

The recordkeeping requirements include that taxpayers keep books of account and records that are adequate to permit verification that the reduction in the taxpayer's pro rata share under section 951(a)(2)(B) was appropriate and that the taxpayer is reporting the correct amount of taxable income. This recordkeeping requirement will be included within OMB Control Numbers 1545-0123 for business filers, 1545-0074 for individual filers, 1545-0092 for trust and estate filers, and 1545-0047 for tax exempt filers in accordance with the PRA procedures under 5 CFR 1320.10.

SECTION 6. REQUEST FOR COMMENTS AND CONTACT INFORMATION

The Treasury Department and the IRS welcome comments on the rules described in this notice. Comments should be submitted by February 2, 2026. Comments may be submitted electronically via the Federal eRulemaking Portal at <https://www.regulations.gov> (type IRS-2025-0367 in the search field on the regulations.gov homepage to find this notice and submit comments). Written comments may be mailed to Internal Revenue Service, CC:PA:01:PR (Notice 2025-75), Room 5503, P.O. Box 7604, Ben Franklin Station, Washington, D.C., 20044. All commenters are strongly encouraged to submit comments electronically.

The Treasury Department and the IRS will publish for public availability any comment submitted electronically and on

paper to its public docket on regulations.gov.

The principal author of this notice is James R. Kostura of the Office of Associate Chief Counsel (International). However, other personnel from the Treasury Department and the IRS participated in its development. For further information regarding this notice, contact Mr. Kostura at (202) 317-6934 (not a toll-free call).

Effective Date and Application of Section 960(d)(4)

Notice 2025-77

SECTION 1. PURPOSE

This notice announces that the Department of the Treasury (Treasury Department) and the Internal Revenue Service (IRS) intend to issue proposed regulations regarding section 960(d)(4), which disallows a foreign tax credit for 10 percent of any foreign income taxes paid or accrued (or deemed paid under section 960(b)(1)) with respect to any amount excluded from gross income under section 959(a) by reason of an inclusion in gross income under section 951A(a) (the forthcoming proposed regulations). Section 960(d)(4) was added to the Internal Revenue Code (Code) by section 70312(b) of Public Law 119-21, 139 Stat. 72 (July 4, 2025), commonly known as the One, Big, Beautiful Bill Act (OBBBA). Section 70312(c)(2) of the OBBBA provides that section 960(d)(4) applies to foreign income taxes paid or accrued (or deemed paid under section 960(b)(1)) with respect to any amount excluded from gross income under section 959(a) by reason of an inclusion in gross income under section 951A(a) after June 28, 2025.

SECTION 2. BACKGROUND

Section 901(a) generally provides that a taxpayer choosing to credit foreign income taxes is allowed a credit for certain foreign income taxes paid or accrued by the taxpayer plus, in the case of a

domestic corporation, the taxes deemed to have been paid by the domestic corporation under section 960. Section 960(d) provides that, if any amount is includible in the gross income of a domestic corporation under section 951A (section 951A inclusion), the domestic corporation is deemed to have paid foreign income taxes with respect to the section 951A inclusion. Section 960(b)(1) provides that a United States shareholder of a controlled foreign corporation (within the meaning of section 957(a)) (CFC) is deemed to have paid the CFC's foreign income taxes that the United States shareholder has not been previously deemed to pay and that are properly attributable to a distribution from the CFC that the United States shareholder excludes from its income under section 959(a) (a section 959(a) distribution).

Prior to the OBBBA, section 960(d)(1) provided that a domestic corporation that is a United States shareholder is deemed to have paid 80 percent of the amount equal to the product of the United States shareholder's inclusion percentage (the ratio of its section 951A inclusion to its aggregate pro rata share of the tested income of its CFCs) and the aggregate of the tested foreign income taxes paid or accrued by its CFCs. Thus, section 960(d)(1) (prior to the OBBBA) effectively reduced the amount of foreign income taxes deemed paid with respect to a section 951A inclusion by 20 percent. The OBBBA changed the section 960(d)(1) reduction from 20 percent to 10 percent.

Section 960(d)(4), as enacted by the OBBBA, correspondingly disallows a credit for 10 percent of the foreign income taxes paid or accrued with respect to a distribution of the previously taxed earnings and profits (PTEP) resulting from a section 951A inclusion. Specifically, section 960(d)(4) disallows a foreign tax credit for 10 percent of any foreign income taxes paid or accrued (or deemed paid under section 960(b)(1)) with respect to any amount excluded from gross income under section 959(a) by reason of a section 951A inclusion.

Section 959(a) generally excludes a CFC's earnings and profits from the gross income of a United States shareholder when distributed to the extent the United States shareholder has

already included the amounts in gross income under certain provisions of the Code, including section 951A(a). For purposes of determining the amount of foreign income taxes deemed paid under section 960(b)(1) with respect to a section 959(a) distribution, §1.960-3 requires the establishment and maintenance of accounts that track a foreign corporation's PTEP and foreign income taxes attributable to the PTEP. As relevant for purposes of this notice, §1.960-3 requires PTEP within an annual PTEP account (as defined in §1.960-3(c)(1)) to be assigned to one or more of the ten PTEP groups that are defined and set forth in §1.960-3(c)(2). Proposed amendments to the regulations under sections 959 and 960, including proposed amendments to §1.960-3, were published in the Federal Register on December 2, 2024 (89 FR 95362) (the 2024 proposed PTEP regulations).

SECTION 3. REGULATIONS TO BE ISSUED

.01 Application of Section 960(d)(4)

(1) *In General.* The forthcoming proposed regulations would include the guidance provided in this section 3.01. The Treasury Department and the IRS also intend to modify the 2024 proposed PTEP regulations to be consistent with the guidance provided in this section 3.01.

(2) *Effective Date of Section 960(d)(4).* The Treasury Department and the IRS understand that questions have arisen regarding the effective date of section 960(d)(4) provided in section 70312(c)(2) of the OBBBA. Section 960(d)(4) applies to the foreign income taxes paid or accrued (or deemed paid under section 960(b)(1)) with respect to a section 959(a) distribution to the extent the PTEP results from a section 951A inclusion of a United States shareholder in a taxable year ending after June 28, 2025. The relevant taxable year is that of the United States shareholder, and therefore the section 951A inclusion may include tested income of a CFC from a taxable year of the CFC that ends on or before June 28, 2025 (for instance, the section 951A inclusion for a United States shareholder's taxable year ending Decem-

ber 31, 2025, may include tested income from a CFC's taxable year ending May 31, 2025).

If a United States shareholder has a section 951A inclusion in a taxable year ending on or before June 28, 2025, then section 960(d)(4) will not apply to foreign income taxes paid or accrued (or deemed paid under section 960(b)(1)) with respect to any amount that is excluded from gross income under section 959(a) by reason of that inclusion, even if those foreign income taxes are paid or accrued (or deemed paid under section 960(b)(1)) after June 28, 2025.

(3) *Section 951A PTEP Group.* The "section 951A PTEP" group set forth in §1.960-3(c)(2)(viii) will be divided into two groups: (1) PTEP resulting from section 951A inclusions in a taxable year of a United States shareholder ending on or before June 28, 2025 (pre-06/29/25 section 951A PTEP), and (2) PTEP resulting from section 951A inclusions in a taxable year of a United States shareholder ending after June 28, 2025 (post-06/28/25 section 951A PTEP).

(4) *Foreign Income Taxes With Respect to Distributions of Post-06/28/25 Section 951A PTEP.* No credit is allowed under section 901 for 10 percent of any foreign income taxes paid or accrued (or deemed paid under section 960(b)(1)) with respect to a section 959(a) distribution of post-06/28/25 section 951A PTEP. The foreign income taxes with respect to a section 959(a) distribution of post-06/28/25 section 951A PTEP are those taxes that are allocated and apportioned to the post-06/28/25 section 951A PTEP group under §1.861-20.

(5) *Reclassified Section 951A PTEP.* Rules similar to the rules set forth in sections 3.01(3) and 3.01(4) of this notice will apply to the "reclassified section 951A PTEP" group set forth in §1.960-3(c)(2)(iv).

.02 Example

The following example illustrates the application of section 3.01 of this notice.

Example—(i) Facts. USP, a domestic corporation, owns all the stock of a single foreign corporation (FC). FC, a Country X entity that is a CFC, has the U.S. dollar as its functional currency. Both FC and USP use the calendar year as their taxable year. FC does not have any accumulated earnings and profits as of the beginning of its 2024 taxable year. FC earns tested income of \$100x for each

of its 2024 and 2025 taxable years, and USP has a section 951A inclusion of \$100x in each of its 2024 and 2025 taxable years. FC has no income or loss in any of its subsequent taxable years. On January 1, 2026, FC makes a distribution of \$150x to USP, which is treated as a distribution of property for both Country X law and Federal income tax purposes. Country X imposes a withholding tax (as defined in section 901(k)(1)(B)) of \$30x with respect to the distribution. For its 2026 taxable year, USP claims the foreign tax credit under section 901.

(ii) *Analysis—(A)* FC has earnings and profits of \$100x within the annual PTEP account in the section 951A category for its 2024 taxable year. Under section 3.01(3) of this notice, the \$100x of PTEP, which results from a section 951A inclusion of USP in a taxable year of USP ending on or before June 28, 2025, constitutes pre-06/29/25 section 951A PTEP. FC has earnings and profits of \$100x within the annual PTEP account in the section 951A category for its 2025 taxable year. Under section 3.01(3) of this notice, the \$100x of PTEP, which results from a section 951A inclusion of USP in a taxable year of USP ending after June 28, 2025, constitutes post-06/28/25 section 951A PTEP, regardless of whether FC earned the related tested income before, on, or after June 28, 2025.

(B) Under section 959(c) and §1.959-3(b), FC's \$150x distribution on January 1, 2026, constitutes a distribution of \$100x of FC's PTEP for its 2025 taxable year, and \$50x of FC's PTEP for its 2024 taxable year. Under section 3.01(4) of this notice and §1.861-20(d)(3)(i)(B), \$100x of the foreign gross income related to the \$150x distribution is assigned to the post-06/28/25 section 951A PTEP group, and \$50x is assigned to the pre-06/29/25 section 951A PTEP group. Under section 3.01(4) of this notice and §1.861-20(f), \$20x of the \$30x of Country X withholding tax ($\$30x \times \$100x/\$150x$) is allocated and apportioned to the post-06/28/25 section 951A PTEP group, and the remaining \$10x ($\$30x \times \$50x/\$150x$) is allocated and apportioned to the pre-06/29/25 section 951A PTEP group.

(C) Under section 960(d)(4) and section 3.01(4) of this notice, \$2x (that is, 10%) of the \$20x of foreign tax credits otherwise allowable under section 901 with respect to the \$20x of Country X withholding tax allocated and apportioned to the post-06/28/25 section 951A PTEP group is disallowed.

SECTION 4. APPLICABILITY DATE AND RELIANCE

The forthcoming proposed regulations would apply to foreign income taxes paid or accrued (or deemed paid under section 960(b)(1)) with respect to any amount excluded from gross income under section 959(a) by reason of an inclusion in the gross income of a United States shareholder under section 951A(a), provided that the inclusion is in a taxable year of the United States shareholder ending after

June 28, 2025. Taxpayers may rely on the guidance provided in section 3 of this notice for taxable years of United States shareholders beginning before the date the proposed regulations are published in the Federal Register, provided taxpayers follow the guidance in its entirety and in a consistent manner for all applicable taxable years.

SECTION 5. DRAFTING AND CONTACT INFORMATION

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

Application of Section 250(b)(3)(A)(i)(VII) to Sales or Other Dispositions of Property

Notice 2025-78

SECTION 1. PURPOSE

This notice announces that the Department of the Treasury (Treasury Department) and the Internal Revenue Service (IRS) intend to issue proposed regulations (the forthcoming proposed regulations) addressing the scope of section 250(b)(3) of the Internal Revenue Code (Code), which generally excludes any income and gain from the sale or other disposition of certain property described in section 250(b)(3)(A)(i)(VII) from the determination of deduction eligible income (DEI). Section 250(b)(3)(A)(i)(VII) was added to the Code by section 70322(a)(1) of Public Law 119-21, 139 Stat. 72 (July 4, 2025),

commonly known as the One, Big, Beautiful Bill Act (OBBBA). Section 70322(a)(3) provides that section 250(b)(3)(A)(i)(VII) and the conforming amendment in section 70322(a)(2) apply to sales or other dispositions occurring after June 16, 2025.¹

SECTION 2. BACKGROUND

Section 250(a)(1) allows a domestic corporation to deduct an amount equal to a percentage of the corporation's foreign-derived deduction eligible income (FDDEI). Section 250(b)(1) generally provides that FDDEI is the domestic corporation's DEI derived in connection with (i) property sold to any person who is not a United States person and is for a foreign use, or (ii) services provided to any person, or with respect to property, not located within the United States. Section 250(b)(3)(A), as in effect prior to the OBBBA, defined DEI as the excess (if any) of a domestic corporation's gross income determined without regard to six categories of gross income described in sections 250(b)(3)(A)(i)(I) through (VI), over the deductions (including taxes) properly allocable to such gross income. Section 250(b)(5)(E), as in effect prior to the OBBBA, provided that the terms "sold," "sells," and "sale" shall include any lease, license, exchange, or other disposition for purposes of section 250(b).

Section 70322(a)(1) of the OBBBA amended section 250(b)(3)(A)(i) to add a new category of income in section 250(b)(3)(A)(i)(VII) that is also excluded from the determination of DEI. Specifically, section 250(b)(3)(A)(i)(VII)(aa) and (bb) exclude from gross income in determining DEI, except as otherwise provided by the Secretary,² any income and gain derived from the sale or other disposition (including pursuant to the deemed sale or other deemed disposition or a transaction subject to section 367(d)) of intangible property (as defined in section 367(d)(4)), and any other property of a type that is subject

to depreciation, amortization, or depletion by the seller, respectively. Additionally, section 70322(a)(2) of the OBBBA amended section 250(b)(5)(E)³ (defining the terms "sold," "sells," and "sale") to provide that section 250(b)(5)(E) does not apply for purposes of the new category of gross income excluded from the determination of DEI in section 250(b)(3)(A)(i)(VII). Section 70322(a)(3) provides that section 250(b)(3)(A)(i)(VII) and the conforming amendment to section 250(b)(2)(E) apply to sales or other dispositions (including pursuant to deemed sales or other deemed dispositions or a transaction subject to section 367(d)) occurring after June 16, 2025.

SECTION 3. REGULATIONS TO BE ISSUED

.01 *Scope of Section 250(b)(3)(A)(i)(VII)*

(1) *In General.* The forthcoming proposed regulations would address the scope of section 250(b)(3)(A)(i)(VII) as provided in this section 3.01.

(2) *Sale or other disposition.* A sale or other disposition of intangible property or other excluded property (as defined in sections 3.01(3) and (4) of this notice) means a sale or other disposition as determined under general tax principles, including deemed sales, other deemed dispositions, and transactions subject to section 367(d). A deemed sale or other deemed disposition includes any transaction or election that is treated as a sale or other disposition of property for Federal income tax purposes. A sale or other disposition does not include a transaction that would be characterized under general tax principles as a lease or license.

(3) *Intangible property.* Intangible property means intangible property as defined in section 367(d)(4). For purposes of section 250(b)(3)(A)(i)(VII)(aa), intangible property does not include a copyrighted article as defined in §1.861-18(c)(3).

¹The OBBBA also amended other provisions of section 250 that apply to taxable years beginning after December 31, 2025. Unless otherwise indicated, references to section 250 in this notice are with respect to section 250, as amended by the OBBBA.

²The Secretary also has general regulatory authority to prescribe such regulations or other guidance as may be necessary or appropriate to carry out the provisions of section 250. See section 250(c).

³Section 250(b)(5)(E) was redesignated section 250(b)(2)(E) by section 70323(b)(2)(B) of the OBBBA for years beginning after December 31, 2025.

(4) *Other excluded property.* Other property of a type that is subject to depreciation, amortization, or depletion by the seller (other excluded property) means property that is not intangible property within the meaning of section 3.01(3) of this notice and that, in the hands of the seller:

(a) Is or has been treated as property which is of a character subject to the allowance for depreciation under section 167;

(b) Is or has been subject to an allowance for amortization that is not described in paragraph (a); or

(c) Is or has been subject to the allowance for depletion under section 611.

(5) *Seller.* Seller means the domestic corporation that sells or otherwise disposes of the intangible property or other excluded property.

(6) *Related-party anti-abuse rule.* Property that was other excluded property in the hands of a member of the seller's modified affiliated group that the seller acquires (1) in a transaction (or series of transactions) in which the basis of the property is determined, in whole or in part, by reference to the basis in the hands of the member in whose hands the property was other excluded property, and (2) with a principal purpose of avoiding the application of section 250(b)(3)(A)(i)(VII)(bb), is treated as other excluded property with respect to the seller. Solely for purposes of this section 3.01(6), the term modified affiliated group has the meaning given in §1.250(b)-1(c)(17) but without the substitution of "more than 50 percent" for "at least 80 percent" each place it appears, and by substituting "at least 80 percent" for "more than 50 percent" for purposes of determining control within the meaning of section 954(d)(3).

.02 Examples

The following examples illustrate the application of section 3.01 of this notice.

(1) Example 1—Sale of intangible property.

(a) *Facts.* DC, a domestic corporation, owns the copyright to a computer program, Program X. DC enters into an agreement with FP, an unrelated foreign person, under which DC grants FP an exclusive irrevocable license for the remaining term of the copyright, to copy and distribute an unlimited number of copies of Program X, prepare derivative works based upon Program X, make public performances of Program X, and publicly display Pro-

gram X. FP will pay DC a royalty each year equal to y percent of net revenue derived from exploiting Program X during the year, for the remaining term of the copyright. Under general tax principles, DC is treated as having sold the copyright to Program X, notwithstanding that the agreement is labeled a license.

(b) *Analysis.* The copyright to Program X is intangible property within the meaning of section 3.01(3) of this notice. Because DC has sold intangible property (the copyright) under general tax principles, any income and gain resulting from the sale is excluded from the determination of DC's DEI, pursuant to section 250(b)(3)(A)(i)(VII)(aa). If, under different facts, the grant of rights under the license agreement were treated as a license under general tax principles, section 250(b)(3)(A)(i)(VII)(aa) would not apply to exclude any income and gain from the license from the determination of DC's DEI. See section 250(b)(2)(E) (excluding from its application section 250(b)(3)(A)(i)(VII)) and section 3.01(2) of this notice.

(2) Example 2—Sale of fully depreciated property.

(a) *Facts.* DC, a domestic corporation, holds a machine for use in its trade or business. The machine has an adjusted depreciable basis of zero because it has been fully depreciated. During the taxable year, DC sells the machine to FP, an unrelated foreign person.

(b) *Analysis.* In the hands of DC, the machine is treated as property which is of a character subject to the allowance for depreciation under section 167. Therefore, the machine constitutes other excluded property and income and gain from DC's sale of the machine to FP is excluded from the determination of DC's DEI pursuant to section 250(b)(3)(A)(i)(VII)(bb). If, under different facts, DC acquired the fully depreciated machine in a non-recognition transaction for use in DC's trade or business, a similar result obtains because the machine is property which is of a character subject to the allowance for depreciation under section 167 in the hands of DC. Therefore, any income and gain from DC's sale of the machine to FP would similarly be excluded from the determination of DC's DEI.

(3) Example 3—Sales of inventory and other excluded property used in a trade or business.

(a) *Facts.* DC, a domestic corporation, owns 100 airplanes. DC owns five airplanes held for use in DC's trade or business that are of a character subject to the allowance for depreciation provided in section 167. DC holds the remaining 95 airplanes in inventory. During the taxable year, DC sells to FP, an unrelated foreign person, two airplanes that DC uses in its trade or business and 35 airplanes that DC holds in inventory.

(b) *Analysis.* DC's sale of the two airplanes is a sale of other excluded property because the two airplanes are of a character subject to the allowance for depreciation under section 167. Therefore, any income and gain from this sale is excluded from the determination of DC's DEI pursuant to section 250(b)(3)(A)(i)(VII)(bb). DC's sale of the 35 airplanes to FP is not a sale or other disposition of other excluded property because the 35 airplanes are held as inventory, and are not of a character that is subject

to the allowance for depreciation provided in section 167. Consequently, income and gain derived from the sale of the 35 airplanes is not excluded from the determination of DEI under section 250(b)(3)(A)(i)(VII).

(4) Example 4—Sales involving members of a consolidated group.

(a) *Facts.* P is the common parent of a consolidated group (as defined in §1.1502-1(h)). P owns all of the only class of stock of subsidiaries DC1 and DC2, which are members (as defined in §1.1502-1(b)) of the P consolidated group. DC1 owns ten airplanes that are of a character subject to the allowance for depreciation provided in section 167. In Year A, DC1 sells all ten airplanes to DC2, recognizing \$100x of gain. DC2 holds these airplanes in inventory. In Year B, DC2 sells all ten airplanes to an unrelated foreign person, recognizing \$85x of gain.

(b) *Analysis.* The treatment of DC1's and DC2's gain on their respective sales is subject to redetermination under §1.1502-13(c) to the extent necessary to achieve single entity treatment for the group. See §1.1502-13(a). If DC1 and DC2 were divisions of a single corporation, the ten airplanes would be, or would have been, of a character subject to the allowance for depreciation under section 167. See section 3.01(4)(a) of this notice. Therefore, to achieve single entity treatment, both DC1's \$100x of gain and DC2's \$85x of gain are treated in Year B as gain from the sale of other excluded property and are excluded from the determination of DEI.

(5) Example 5—Related-party anti-abuse rule.

(a) *Facts.* DC1 is a domestic corporation and owns an 80 percent interest in the profits and capital of a domestic partnership, PRS. Unrelated persons own the remaining interests in PRS. PRS owns all of the only class of stock of DC2, a domestic corporation. DC1 owns 20 cars that are other excluded property in the hands of DC1. With a principal purpose of avoiding the application of section 250(b)(3)(A)(i)(VII)(bb), DC1 transfers all 20 cars to PRS in an exchange described in section 721(a), and PRS transfers all 20 cars to DC2 in an exchange described in section 351(a). Under section 723, PRS's basis in the cars transferred to it by DC1 is the same as DC1's basis in the cars at the time of the transfer. Under section 362, DC2's basis in the cars transferred to it by PRS is the same as the basis of the cars in the hands of PRS. DC2 holds the cars in inventory and recognizes gain on the subsequent sale of all 20 cars to an unrelated foreign person.

(b) *Analysis.* DC1, PRS, and DC2 are members of a modified affiliated group for purposes of section 3.01(6). Because DC2 acquired property that was other excluded property in the hands of DC1, a member of DC2's modified affiliated group for purposes of section 3.01(6), in a series of transactions in which the basis of the property was determined by reference to the basis in the hands of the transferor with a principal purpose of avoiding the application of section 250(b)(3)(A)(i)(VII)(bb), the 20 cars are treated as other excluded property in the hands of DC2. Therefore, DC2's gain is gain from the sale of other excluded property and is excluded from the determination of DEI pursuant to section 250(b)(3)(A)(i)(VII)(bb).

SECTION 4. APPLICABILITY DATE AND RELIANCE

The forthcoming proposed regulations would apply, when finalized, to sales or other dispositions (including pursuant to deemed sales, deemed dispositions, or transactions subject to section 367(d)) occurring after June 16, 2025. A taxpayer may rely on the rules described in section 3 of this notice for sales or other dispositions occurring before the forthcoming proposed regulations are published in the Federal Register, provided the taxpayer applies the rules in their entirety and in a consistent manner for all applicable taxable years.

SECTION 5. REQUEST FOR COMMENTS

The Treasury Department and the IRS request comments on the rules discussed in this notice. Comments should be submitted by February 2, 2026. Comments may be submitted electronically via the Federal eRulemaking Portal at <https://www.regulations.gov> (type IRS-2025-0268 in the search field on the regulations.gov homepage to find this notice and submit comments). Written comments may be mailed to Internal Revenue Service, CC:PA:01:PR (Notice 2025-78), Room 5503, P.O. Box 7604, Ben Franklin Station, Washington, D.C., 20044. All com-

menters are strongly encouraged to submit comments electronically.

SECTION 6. DRAFTING AND CONTACT INFORMATION

The principal authors of this notice are Stefan A. Pruessmann and Michelle L. Ng of the Office of Associate Chief Counsel (International). For further information regarding this notice contact Mr. Pruessmann or Ms. Ng at (202) 317-6939 (not a toll-free call).

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 2025–27 through 2025–52 is in Internal Revenue Bulletin 2025–52, dated December 22, 2025.

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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.