

ID: CCA-722141-08

Number: **200848051**

Office:

Release Date: 11/28/2008

UILC: 3121.00-00

From: [REDACTED]
Sent: Tue 7/22/2008 2:19 PM
To: [REDACTED]
Cc:
Subject: RE: § 3121(z)(3)

Yes, I think it does mean no deduction for the US parent even for the FICA taxes it actually pays on behalf of the foreign sub. This could be intended as an incentive to enter into 3121(l) agreements. If the US parent has an (l) agreement, it is entitled to deduct the FICA taxes it pays with respect to employees of the foreign sub to the extent that the foreign sub does not reimburse the US parent for those taxes.