



# TaxNewsFlash

## United States

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### **Notice 2017-68: Expanded hurricane-related relief from “United States property” designation for CFCs**

The IRS released an advance version of Notice 2017-68 extending the period for relief from application of rules for “United States property” when controlled foreign corporations (CFCs) need to move the property—that is, “section 1221(a)(1) property”—because of the damage caused by Hurricanes Irma and Maria.

[Notice 2017-68](#) [PDF 12 KB] provides that the exception from “United States property” will apply if repaid by March 31, 2018.

Thus, the IRS notice expands the scope of the relief originally provided by Notice 2017-55, to include certain obligations of a “United States person” received in exchange for certain property that was located in an area designated by Federal Emergency Management Agency (FEMA) as subject to damage from Hurricane Irma or Hurricane Maria will be considered to qualify for the exception from United States property in section 956(c)(2)(C) and Reg. section 1.956-2(b)(1)(v).

#### **Background**

Section 956(c) defines “United States property” generally to include tangible property located in the United States. Because of damage caused by Hurricane Irma and Hurricane Maria—including damage in the Commonwealth of Puerto Rico and the U.S. Virgin Islands—CFCs may need to transport property described in section 1221(a)(1) and that is located in affected areas to the United States for safekeeping.

The IRS in late September 2017 issued Notice 2017-55 to provide relief for eligible section 1221(a)(1) property that would otherwise constitute “United States property.”

The relief provided by Notice 2017-55 applied only to tax year quarters of a CFC ending on or after September 5, 2017, and on or before January 31, 2018. Read [TaxNewsFlash-United States](#)

## Notice 2017-68

Notice 2017-68 announces that, for purposes of section 956, if a CFC holds an obligation of a United States person, such obligation will be considered to satisfy the requirements of the exclusion from being treated as United States property if:

- The obligation was received in exchange for property that, if transported to the United States for temporary storage for safekeeping in anticipation of, or as a result of, Hurricane Irma or Hurricane Maria, would not cause a CFC to be treated as holding United States property pursuant to Notice 2017-55, and
- The obligation ceases to be outstanding on or before March 31, 2018.

Notice 2017-68 continues by noting that an obligation of a United States person that does not meet these conditions may nevertheless be excludable from United States property “depending on all of the facts and circumstances.”

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