



# TaxNewsFlash

## United States

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### **Notice 2018-13: Additional guidance about “transition tax” on foreign earnings (new Code section 965)**

The IRS today released an advance version of Notice 2018-13 as additional guidance concerning the “transition tax” imposed under new section 965, as added to the Code by the new tax law in the United States, and reflecting the repeal of section 958(b)(4).

The purpose of this report is to provide text of [Notice 2018-13](#) [PDF 82 KB]

Notice 2018-13 announces that the IRS and Treasury Department intend to issue regulations for determining amounts included in gross income by a United States shareholder under section 951(a)(1) by reason of new section 965.

Notice 2018-13:

- Provides background on section 965 and the repeal of section 958(b)(4)
- Describes the regulations that the IRS and Treasury intend to issue with respect to section 965
- Describes a modification that the IRS and Treasury Department intend to make with respect to regulations under section 965 that were described in Notice 2018-07 (regarding the repatriation of earnings subject to the transition tax, read [TaxNewsFlash](#))
- Provides guidance under section 863 in connection with the repeal of section 958(b)(4) and announces the IRS’s intention to update the instructions for Form 5471 as a result of the repeal
- Describes the effective dates of the regulations and other guidance
- Requests comments

A related IRS release—[IR-2018-09](#)—explains today's notice, in addition to describing the to-be-issued regulations, addresses the calculation of earnings under the transition tax and other rules to clarify certain aspects of the new tax law.

The notice also provides taxpayers targeted relief from certain unintended regulatory and reporting consequences arising from a change to existing stock attribution rules in the recent tax legislation.

The IRS and Treasury Department expect to issue additional guidance in the future.

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