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# TaxNewsFlash

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## Final regulations: Corporate inversions and related transactions (text of regulations)

The U.S. Treasury Department and IRS today released for publication in the Federal Register final and temporary regulations (T.D. 9834) concerning transactions that “are structured to avoid the purposes of sections 7874 and 367” and certain post-inversion tax avoidance transactions. The term “inversions” refers to a domestic corporation’s adoption of a foreign-parented corporate structure and may concern certain post-inversion restructuring transactions. The regulations affect those domestic corporations and domestic partnerships with assets directly or indirectly acquired by a foreign corporation and certain persons related to those domestic corporations and domestic partnerships.

With today’s **release** [PDF 544 KB], regulations that were proposed in April 2016 are finalized, and related temporary regulations also published in April 2016 are removed and replaced.

A statement in the preamble to today’s final regulations (under the topic “Effects on Compliance Costs”) provides:

> *The final regulations narrow the scope of regulated activities and reduce compliance costs relative to the 2016 regulations. The regulations also aim to reduce required paperwork burden, complexity, and ambiguities that may unintentionally discourage legitimate merger activity. In particular, changes that reduce complexity and ambiguity were made to the passive assets rule, the NOCD [non-ordinary course distributions] rule, and the rules coordinating the application of the stock exclusion rules with the expanded affiliated group (EAG) rules. Clarifying changes were made to the passive assets rule, the serial acquisition rule, the third country rule, and the substantial business activities rule.*

The purpose of this report is to provide text of today's 146-page regulations. Initial impressions of these regulations will be provided in a follow-up edition of *TaxNewsFlash*.