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Status of expected regulations; section 965 “transition tax”

The U.S. Treasury Department and IRS are expected to release proposed regulations relating to the “transition tax” under section 965—as added to the Code by the new tax law (Pub. L. No. 115-97) enacted in December 2017. An important procedural step towards this release was completed July 13, 2018, the date when OMB’s Office of Information and Regulatory Affairs (OIRA) acknowledged receipt of the proposed regulations package.

Read more on the [OIRA website](#)

Section 965 imposes a transition tax—one that requires a mandatory deemed repatriation of previously untaxed earnings. Under this provision, a 15.5% rate applies to earnings attributable to liquid assets, and an 8% rate applies to earnings attributable to illiquid assets.

Once all administrative processes for promulgating the regulations are completed, they will be released for publication in the Federal Register. KPMG will provide text of the regulations as soon as they are officially released.

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