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IRS provides draft version of Form 8991 for “BEAT” reporting

The IRS has posted a draft version of Form 8991 concerning the “base erosion and anti-abuse tax” (BEAT) reporting for 2018.

In an effort to "level the playing field between U.S.-headquartered parent companies and foreign-headquartered parent companies,” the new U.S. tax law (Pub. L. No. 115-97, enacted December 22, 2017) created a new base erosion-focused minimum tax—the base erosion and anti-abuse tax (BEAT)—that in many instances would significantly curtail the U.S. tax benefit of cross-border related-party payments made by large multinational entities. The BEAT includes within its scope almost every outbound payment made by corporations subject to the rule, except for payments treated as costs of goods sold (COGS) or otherwise as reductions to gross receipts (subject to regulatory authority from the Treasury Secretary for anti-avoidance regulations). This limited exception is unavailable for taxpayer groups that "invert" after November 9, 2017. Other than for such inverted groups, the BEAT does not apply, for example, to payments for inventory manufactured outside the United States.

Read the draft version of **Form 8991** [PDF 162 KB], *Tax on Base Erosion Payments of Taxpayers With Substantial Gross Receipts*

The draft version of Form 8991 has a “watermark” date of September 5, 2018, and includes cautionary language that it is not to be used for filing purposes, and is subject to change and to OMB approval before being officially released.

Direct comments, including requests for subscriptions, to Washington National Tax. For more information, contact KPMG's Federal Tax Legislative and Regulatory Services Group at + 1 202.533.4366, 1801 K Street NW, Washington, DC 20006-1301.