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Update on proposed regulations under GILTI provisions

OMB's Office of Information and Regulatory Affairs (OIRA) reports that on September 7, 2018, it completed its review of proposed regulations relating to "global intangible low-taxed income" (GILTI) provisions under the new tax law.

The new U.S. tax law (Pub. L. No. 115-97, enacted December 22, 2017) generally retained the existing subpart F regime that applies to passive income and related-party sales, but created a new, broad class of income—"global intangible low-taxed income" (GILTI). GILTI is deemed repatriated in the year earned and, thus, is also subject to immediate taxation. GILTI income is effectively taxed at a reduced rate while subpart F income is taxed at the full U.S. rate. In general, GILTI is the excess of all of the U.S. corporation's net income over a deemed return on the CFC's tangible assets (10% of depreciated tax basis).

Proposed regulations for implementing the GILTI measures were presented for OIRA review in August 2018. Read ***TaxNewsFlash***

An important procedural step towards release of proposed regulations under the GILTI regime was completed on September 7, 2018, when OIRA reported that it completed its review. The U.S. Treasury Department and IRS now will be expected to release these proposed regulations for publication in the Federal Register.

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