



# TaxNewsFlash

## United States

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### Proposed regulations under GILTI provisions (text of regulations)

The U.S. Treasury Department and IRS this afternoon released proposed regulations as guidance relating to the “global intangible low-taxed income” (GILTI) provisions under the new U.S. tax law.

Read the [proposed regulations](#) [PDF 516 KB] (157 pages)

The purpose of this report is to provide text of the proposed regulations. KPMG will provide a report of initial impressions about these proposed regulations in a future release.

A related IRS release ([IR-2018-186](#)) states that:

- The proposed regulations describe new reporting rules requiring the filing of Form 8992, *U.S. Shareholder Calculation of Global Intangible Low-Taxed Income*.
- The new law applies to the first tax year of a controlled foreign corporation (CFC) beginning after December 31, 2017, and the U.S. shareholder’s year with or within which that year ends, and all subsequent tax years.
- The proposed regulations do not include foreign tax credit computational rules relating to global intangible low-taxed income, and that these rules will be addressed separately in the future.

Treasury and IRS have requested comments on these proposed regulations.

### Background

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).

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