



TaxNewsFlash

United States

No. 2018-369
September 13, 2018

Rev. Proc. 2018-48: REIT items of income, foreign currency gain under GILTI provisions

The IRS today released an advance version of Rev. Proc. 2018-48 as guidance regarding how certain items of income are treated for purposes of determining whether a real estate investment trust (REIT) satisfies the gross income test in section 856(c)(2).

Rev. Proc. 2018-48 [PDF 57 KB] addresses the following types of income:

- Amounts required to be included in gross income under sections 951(a)(1) (except by reason of section 965), 951A(a), 1291(a), 1293(a)(1), and 1296(a)
- Amounts required to be taken into account under section 986(c) as foreign currency gain with respect to distributions of previously taxed earnings and profits

The revenue procedure notes that previously, the IRS received requests to exercise the authority under section 856(c)(5)(J) and (n)(3)(C) to treat certain amounts determined under section 951(a)(1), 986(c), 1291(a), and 1293(a)(1) either as not constituting gross income or as qualifying gross income, for purposes of section 856(c)(2). The IRS further noted that since section 951A was added to the Code by the new tax law (Pub. L. No. 115-97, enacted December 22, 2017), the IRS has received similar requests to exercise the authority under section 856(c)(5)(J) and (n)(3)(C) regarding REIT income inclusions and foreign currency gain with respect to "global intangible low-taxed income" (GILTI) under section 951A(a).

Accordingly, Rev. Proc. 2018-48 applies to any REIT that is required to include in gross income amounts under section 951(a)(1) (except by reason of section 965), 951A(a), 986(c), 1291(a), 1293(a)(1), or 1296(a). The revenue procedure is effective for tax years beginning after September 13, 2018, but may be applied for a prior tax year by a REIT.

Read an [October 2018 report](#) [PDF 82 KB] prepared by KPMG LLP that addresses the implications of Rev. Proc. 2018-48

The information contained in TaxNewsFlash is not intended to be "written advice concerning one or more Federal tax matters" subject to the requirements of section 10.37(a)(2) of Treasury Department Circular 230, as the content of this document is issued for general informational purposes only, is intended to enhance the reader's knowledge on the matters addressed therein, and is not intended to be applied to any specific reader's particular set of facts. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. Applicability of the information to specific situations should be determined through consultation with your tax adviser.

KPMG International is a Swiss cooperative that serves as a coordinating entity for a network of independent member firms. KPMG International provides no audit or other client services. Such services are provided solely by member firms in their respective geographic areas. KPMG International and its member firms are legally distinct and separate entities. They are not and nothing contained herein shall be construed to place these entities in the relationship of parents, subsidiaries, agents, partners, or joint venturers. No member firm has any authority (actual, apparent, implied or otherwise) to obligate or bind KPMG International or any member firm in any manner whatsoever.

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.

To unsubscribe from TaxNewsFlash-United States, reply to [Washington National Tax](#).

[Privacy](#) | [Legal](#)