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IRS practice units: Permanent establishment status and issues

The IRS Large Business and International (LB&I) division today publicly released two “practice units”—part of a series of IRS examiner “job aides” and training materials intended to describe for IRS agents leading practices about tax concepts in general and specific types of transactions.

The titles of the practice units are:

- *Creation of a permanent establishment (PE) through the activities of a dependent agent in the United States*
- *Preparatory and auxiliary treaty exception to permanent establishment status*

Read the practice units on the [IRS practice unit webpage](#) (posting date of January 29, 2019).

Both practice units specifically consider provisions under the income tax treaty between the United States and the United Kingdom. The first practice unit examines whether a UK company has a U.S. permanent establishment as a result of an agent concluding contracts on its behalf in the United States. The second practice unit includes a focus on determining whether an activity has a preparatory or auxiliary character for purposes of determining whether there is a permanent establishment.

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