



TaxNewsFlash

United States



No. 2019-257
May 22, 2019

Final regulations: Amount determined under section 956 for corporate U.S. shareholders

The U.S. Treasury Department and IRS today released for publication in the Federal Register final regulations (T.D. 9859) concerning the amount determined under section 956 for corporate U.S. shareholders. The 2017 tax law (Pub. L. No. 115-97) added a participation exemption system for the taxation of certain foreign income. These final regulations are intended to provide that the application of section 956 is consistent with the new participation exemption system.

Today's [final regulations](#) [PDF 301 KB] finalize November 2018 proposed regulations. Read [TaxNewsFlash](#).

The final regulations affect certain domestic corporations that own (or are treated as owning) stock in foreign corporations.

Background

On November 5, 2018, Treasury and the IRS published proposed regulations (REG-114540-18) under section 956. No public hearing was requested or held, and no substantive comments were received with respect to the proposed regulations. The final regulations adopt the proposed regulations, with changes (as described in the preamble):

- Allocation of hypothetical distribution
- Domestic partnerships and their partners
- Revisions to existing examples

Applicability date

The final regulations apply to tax years of a controlled foreign corporation (CFC) beginning on or after the date of publication in the Federal Register (scheduled May 23, 2019).

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](#)