



TaxNewsFlash

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Final regulations: Rules for determining stock ownership, sections 951A and 958 (text of regulations)

The U.S. Treasury Department and IRS today released for publication in the Federal Register final regulations (T.D. 9960) regarding the treatment of domestic partnerships for purposes of determining amounts included in the gross income of their partners with respect to foreign corporations.

The [final regulations](#) [PDF 287 KB] (nine pages as published in the Federal Register on January 25, 2022) affect U.S. persons that own stock of foreign corporations through domestic partnerships and domestic partnerships that are U.S. shareholders of foreign corporations.

The preamble to today's release notes that these regulations finalize a portion of proposed regulations (2019) that generally treat domestic partnerships as aggregates of their partners for purposes of determining income inclusions under section 951 and for purposes of provisions that apply specifically by reference to section 951. Read a [June 2019 report](#) [PDF 356 KB] about the proposed regulations as prepared by KPMG LLP.

In the 2019 proposed regulations, the IRS and Treasury requested comments on the other provisions in the Internal Revenue Code that apply by reference to ownership within the meaning of section 958(a) for which aggregate treatment for domestic partnerships would be appropriate. The 2019 proposed regulations also requested comments on the aggregate treatment of domestic partnerships in specific areas, including for purposes of determining the controlling domestic shareholders of a controlled foreign corporation (CFC) and for purposes of applying the passive foreign investment company (PFIC) regime. Three comments were received and were considered in today's final regulations.

The final regulations are effective on the date of their publication in the Federal Register—January 25, 2022.

The purpose of this report is to provide text of these just released final regulations. A more detailed discussion will be provided by KPMG.

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