Treasury Releases Final Regulations Protecting U.S. Tax Base

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WASHINGTON — Today, the Treasury Department and the Internal Revenue Service issued final regulations under the Tax Cuts and Jobs Act that provide guidance concerning the treatment of global intangible low-taxed income. The regulations offer guidance for determining the amount of global intangible low-taxed income included in the gross income of certain U.S. shareholders of foreign corporations as well as certain reporting requirements.

"Treasury's regulations protect the U.S. tax base by closing loopholes that allowed evasive tax practices that shifted U.S. profits overseas," said Treasury Secretary Steven T. Mnuchin. "These regulations are an essential step toward modernizing the U.S. tax system and shifting from a worldwide system toward a territorial system of taxation."

The final regulations narrow the anti-abuse provisions that were included in the proposed regulations. They also revise the domestic partnership provisions to adopt an aggregate approach for purposes of determining the amount of global intangible low-taxed income included in the gross income of a partner with respect to controlled foreign corporations owned by a partnership.

The Treasury also issued final regulations relating to certain foreign tax credit aspects of the transition tax.

In addition, Treasury issued proposed regulations that address the treatment of domestic partnerships for purposes of determining amounts included in the gross income of their partners and provide new rules regarding gross income that is subject to a high rate of foreign tax.

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