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Final regulations: "Global intangible low-taxed income" (GILTI) (text of regulations)

The U.S. Treasury Department and IRS this afternoon released final regulations (T.D. 9866) relating to section 951A and the "global intangible low-taxed income" (GILTI) provisions as added to the Code by the 2017 U.S. tax law (often referred to as the "Tax Cuts and Jobs Act").

Read the **final regulations** [PDF 1.01 MB] (318 pages)

The 2017 U.S. tax law (Pub. L. No. 115-97, enacted December 22, 2017) generally retained the existing subpart F regime that applies to passive income and related-party sales, but created a new, broad class of income—"global intangible low-taxed income" (GILTI). GILTI is deemed repatriated in the year earned and, thus, is also subject to immediate taxation. GILTI income is effectively taxed at a reduced rate while subpart F income is taxed at the full U.S. rate. In general, GILTI is the excess of all of the U.S. corporation's net income over a deemed return on a controlled foreign corporation's (CFC) tangible assets (10% of depreciated tax basis).

The final regulations provide guidance:

- To determine the amount of GILTI included in the gross income of certain United States shareholders of foreign corporations, including United States shareholders that are members of a consolidated group
- Related to the determination of a United States shareholder's pro rata share of a controlled foreign corporation's subpart F income included in the shareholder's gross income, as well as certain reporting requirements relating to inclusions of subpart F income and GILTI
- Related to certain foreign tax credit provisions applicable to persons that directly or indirectly own stock in foreign corporations

The final regulations are scheduled to be published in the Federal Register on June 21, 2019. The purpose of this report is to provide text of the regulations.

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