



# TaxNewsFlash

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## IRS adds new compliance campaign on cross-border activities (LB&I division)

The IRS Large Business & International (LB&I) division continues to expand its list of compliance campaigns, by adding a new campaign—thus bringing the total of compliance campaigns to 60 identified and selected to date.

As noted on the [IRS website](#) (last updated November 4, 2019), the new campaign concerns:

Section 965 and the treatment of deferred foreign income upon transition to participation exemption system of taxation, enacted as part of the U.S. 2017 tax law that is often referred to as the “Tax Cuts and Jobs Act” (TCJA). In general, section 965 requires United States shareholders, as defined under section 951(b), to pay a transition tax on the untaxed foreign earnings of certain specified foreign corporations as if those earnings had been repatriated to the United States. Section 965 applies with respect to the last tax year of the relevant specified foreign corporation that begins before January 1, 2018, and the amount included in income under section 965 is includible in the United States shareholder’s year in which or with which such a specified foreign corporation’s year ends. The vast majority of section 965 liability will arise on taxpayer returns for 2017 and 2018 tax years. The goal of the campaign is to promote compliance with section 965. The treatment stream will include conducting examinations as well as providing technical assistance to teams on section 965, with a focus on identifying and addressing taxpayer populations with potential material compliance risk. The campaign will start with 2017 returns and generally require looking at both the 2017 and 2018 tax returns. It is anticipated that returns selected as part of the section 965 campaign will also be risked and, if appropriate, examined for other material issues, especially issues related to TCJA planning.

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