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Regulations implementing BEAT rules (text of regulations)

The U.S. Treasury Department and IRS this afternoon released for publication in the Federal Register final regulations (T.D. 9885) and related proposed regulations (REG-112607-19) implementing the base erosion and anti-abuse tax (BEAT) provisions that were enacted by the 2017 U.S. tax law (Pub. L. No. 115-97), the law that is commonly referred to as the “Tax Cuts and Jobs Act” (TCJA).

Read the BEAT regulations:

- [Final regulations](#) [PDF 1 MB] (343 pages)
- [Proposed regulations](#) [PDF 333 KB] (59 pages)

As explained in a related IRS release—[IR-2019-194](#)—section 59A (as enacted by the TCJA) imposes a tax equal to the base erosion minimum tax amount for certain taxpayers beginning in tax year 2018. When applicable, this tax is in addition to the taxpayer’s regular tax liability. This provision primarily affects corporate taxpayers with annual gross receipts averaging more than \$500 million over a three-year period that make deductible payments to foreign related parties. According to the IRS, today’s regulations provide detailed guidance regarding which taxpayers will be subject to section 59A, the determination of what is a base erosion payment, the method for calculating the base erosion minimum tax amount, and the required base erosion and anti-abuse tax resulting from that calculation.

The purpose of this report is to provide text of the regulations. A more detailed report describing these regulations in greater detail will be issued by KPMG.

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