



TaxNewsFlash

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Regulations: Foreign tax credits (text of regulations)

The U.S. Treasury Department and IRS this afternoon released in advance of publication in the Federal Register final regulations (T.D. 9882) and proposed regulations (REG-105495-19) concerning the foreign tax credit provisions as 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 text of the:

- [Final regulations](#) [PDF 1.52 MB] (386 pages)
- [Proposed regulations](#) [PDF 939 KB] (220 pages)

These releases include a statement that each of the regulations:

...has been submitted to the Office of the Federal Register (OFR) for publication. The version of [this] rule released today may vary slightly from the published document if minor editorial changes are made during the OFR review process. The document published in the Federal Register will be the official document.

In a related release—[IR-2019-193](#)—the IRS explained that the TCJA made changes to the U.S. international tax system, including several foreign tax credit provisions (e.g., repeal of section 902 that allowed deemed-paid credits in connection with dividend distributions based on foreign subsidiaries’ cumulative pools of earnings and foreign taxes and the addition of two separate limitation categories for foreign branch income and amounts includible under the global intangible low-taxed income (GILTI) provisions). The IRS further noted that the calculation of taxable income for purposes of the foreign tax credit limitation is made by disregarding certain expenses and repealing the use of the fair market value method for allocating interest expense.

The purpose of this report is to provide text of the final and proposed regulations. A more detailed description of these regulations will be provided by KPMG in a follow-up report.

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