



# TaxNewsFlash

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## Regulations under sections 245A, 951A, 954; treatment of dividends from foreign corporations (text of regulations)

The U.S. Treasury Department and IRS this afternoon released for publication in the Federal Register final regulations (T.D. 9909) and proposed regulations (REG-124737-19) concerning the treatment of dividends received by U.S. persons and certain controlled foreign corporations (CFC) pursuant to provisions of the 2017 tax law (Pub. L. No. 115-97)—the law that is often referred to as the “Tax Cuts and Jobs Act” (TCJA).

The [final regulations](#) [PDF 406 KB] (30 pages as published in the Federal Register) under sections 245A and 954 limit the deduction for certain dividends received by U.S. persons from foreign corporations under section 245A and the exception to subpart F income under section 954(c)(6) for certain dividends received by CFCs. The final regulations also include rules under section 6038 regarding information reporting to facilitate administration of the final regulations. With this release, temporary regulations (June 2019) are withdrawn and related proposed regulations are finalized. The final regulations apply only to tax years ending on or after June 14, 2019, with the temporary regulations continuing to apply to earlier years.

The [proposed regulations](#) [PDF 376 KB] (27 pages as published in the Federal Register) under sections 245A and 951A coordinate the “extraordinary disposition rule” under section 245A with the “disqualified basis rule” under section 951A. The proposed regulations similarly include rules under section 6038 regarding information reporting to facilitate administration of the proposed regulations.

The final and proposed regulations were published in the Federal Register on August 27, 2020. The purpose of this report is to provide text of the regulations.

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