KPMG

TaxNewsFlash

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Notice 2020-69: Future regulations to apply sections 951 and 951A to certain S corporations with accumulated earnings and profits

The IRS this afternoon released an advance version of Notice 2020-69 that announces the IRS and Treasury Department intend to issue regulations addressing the application of sections 951 and 951A to certain S corporations with accumulated earnings and profits.

Notice 2020-69 also announces that future regulations will be issued to address the treatment of qualified improvement property (QIP) under the alternative depreciation system of section 168(g) for purposes of calculating qualified business asset investment (QBAI) with regard to the foreign-derived intangible income (FDII) and global intangible low-taxed income (GILTI) provisions—measures that were enacted part of the U.S. 2017 tax law (Pub. L. No. 115-97), or the law that is often referred to as the "Tax Cuts and Jobs Act" (TCJA).

Notice 2020-69 [PDF 104 KB] provides:

- A summary of the current and proposed treatment of domestic partnerships for purposes of section 951 and 951A and the application of these rules to S corporations
- Background on sections 168, 250, and 951A as they relate to QBAI for purposes of FDII and GILTI and the treatment of QIP under the alternative depreciation system
- A description of the anticipated proposed regulations concerning the application of section 951 and 951A to S corporations
- A description of the forthcoming proposed regulations concerning the treatment of QIP under the alternative depreciation system for purposes of calculating QBAI for FDII and GILTI
- A description of the proposed applicability dates of the forthcoming regulations

- A request for comments

The purpose of this report is to provide text of the just-issued IRS notice.