



# TaxNewsFlash

United States



No. 2020-595  
September 21, 2020

## Final and temporary regulations: Section 864(c)(8) and tax treatment on sale of U.S. trade or business partnership interests on a look-through basis (text of regulations)

The IRS this afternoon posted on its website a version of final and temporary regulations (T.D. 9919) as rules for determining the amount of gain or loss treated as effectively connected with the conduct of a trade or business within the United States—“effectively connected gain” or “effectively connected loss”—under section 864(c)(8).

The [final and temporary regulations](#) [PDF 284 KB] (51 pages) include rules to coordinate section 864(c)(8) with other relevant sections of the Code. According to the preamble, these final and temporary regulations retain the basic approach and structure of proposed regulations (December 2018) with certain revisions.

Section 864(c)(8) was added to the Code by the 2017 U.S. tax law (Pub. L. No. 115-97)—the law that is often referred to as the “Tax Cuts and Jobs Act” (TCJA). Today’s release finalizes the regulations that were proposed in December 2018; those proposed regulations referred to the *Grecian Magnesite Mining* case.

Today’s version of the final and temporary regulations includes the following statement:

*This document is in the process of being submitted to the Office of the Federal Register (OFR) for publication and will be pending placement on public display at the OFR and publication in the Federal Register. The version of the final regulations 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.*

The purpose of this report is to provide text of the regulations.

The information contained in TaxNewsFlash is not intended to be "written advice concerning one or more Federal tax matters" subject to the requirements of section 10.37(a)(2) of Treasury Department Circular 230, as the content of this document is issued for general informational purposes only, is intended to enhance the reader's knowledge on the matters addressed therein, and is not intended to be applied to any specific reader's particular set of facts. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. Applicability of the information to specific situations should be determined through consultation with your tax adviser.

KPMG International is a Swiss cooperative that serves as a coordinating entity for a network of independent member firms. KPMG International provides no audit or other client services. Such services are provided solely by member firms in their respective geographic areas. KPMG International and its member firms are legally distinct and separate entities. They are not and nothing contained herein shall be construed to place these entities in the relationship of parents, subsidiaries, agents, partners, or joint venturers. No member firm has any authority (actual, apparent, implied or otherwise) to obligate or bind KPMG International or any member firm in any manner whatsoever.

Direct comments, including requests for subscriptions, to [Washington National Tax](#). For more information, contact KPMG's Federal Tax Legislative and Regulatory Services Group at + 1 202.533.4366, 1801 K Street NW, Washington, DC 20006-1301.

To unsubscribe from TaxNewsFlash-United States, reply to [Washington National Tax](#).

[Privacy](#) | [Legal](#)