



TaxNewsFlash

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Regulations released to Federal Register: Section 864(c)(8) treatment, sale of U.S. trade or business partnership interests on look-through basis

The U.S. Treasury Department and IRS today released for publication in the Federal Register final and temporary regulations (T.D. 9919) as guidance 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).

Read the [final and temporary regulations](#) [PDF 285 KB] (15 pages as published in the Federal Register on November 6, 2020)

The IRS on September 21, 2020, posted on its website a version of these final and temporary regulations that 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.

Read a [computer-generated document](#) [PDF 673 KB] that provides a comparison of the version of the final and temporary regulations submitted today for publication in the Federal Register against the version posted by the IRS on September 21, 2020. This unofficial document was produced by KPMG for the purpose of showing what changes, if any, were made to the regulations prior to being released to the Federal Register for publication. It has not been reviewed for accuracy.

Section 864(c)(8)

The final and temporary regulations include rules to coordinate section 864(c)(8) with other relevant sections of the Code.

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). These regulations finalize the regulations that were proposed in December 2018 (those proposed regulations referred to the *Grecian Magnesite Mining* case).

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