

## PUBLICATION UPDATE

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# Rhoades & Langer, U.S. International Taxation and Tax Treaties

Publication 337      Release 153

October 2018

## HIGHLIGHTS

- *Rhoades & Langer, U.S. International Taxation and Tax Treaties* continues its in-depth coverage of the latest important developments affecting income taxation of foreign-related transactions.
- You may receive author Rufus Rhoades's monthly newsletter regarding international tax issues without charge by e-mailing: [Rufus@rufustaxlaw.com](mailto:Rufus@rufustaxlaw.com).

**NOTE TO PRACTITIONERS:** You can obtain a free PDF copy of our analysis of *The Tax Cuts & Jobs Act of 2017* [Public Law Number 115-97] via the LexisNexis Store at [www.lexisnexis.com/store](http://www.lexisnexis.com/store).

Release 153 includes coverage of significant topics in chapters impacted by TCJA.

- ***U.S. Citizens Abroad.*** We have updated the base housing amount as to a few cities and cited the applicable notice (Notice 2018-44) that contains a complete list. [See

§ 2.04[2].]

- ***CFCs—Transition Tax.*** The IRS has issued a FAQ ("Updated Transition Tax FAQ" 2018 TNT 108-14) containing rules regarding filing the tax return that reflects IRC § 965 income. [See § 3.00[8][f].]

- ***CFCs—Repeal of the Blocker Rule.*** Congress repealed IRC Section 958(b)(4), which acted as a blocker to constructive ownership of foreign corporations. We discuss what that repeal means. [See § 3.02[6][b][iii].]

- ***CFCs-GILTI.*** We add a discussion of the high effective foreign tax rate to the GILTI discussion. [See § 3.04[2][d].]

- ***CFCs—Withdrawal of Previously Excluded Income from Qualified Investment.*** TCJA repealed the section dealing with the withdrawal of previously excluded income from a qualified investment (IRC § 955). [See § 3.03[4][e][iv].]

- ***CFCs—Election to be Taxed at Corporate Rates.*** Because the reduction of the

corporate tax rate to 21 percent would appear to make the IRC Section 962 election to be taxed at the lower corporate rate attractive, we have included a discussion of that section. [See § 4.02[5].]

- **U.S. Possessions.** The Tax Court wrestled with the question of whether the statute of limitations had run on a taxpayer claiming that she had properly filed when she filed with the Virgin Islands. (*Hulett v Comm'r*, 150 TC No 4 (2018)). [See § 8.03[6][b][i][B].]

- **FBAR.** The Federal Claims Court discussed the claim by a taxpayer of reasonable cause for failure to discharge his obligations under the FBAR rule. [See § 9.12[1].]

- **Foreign Tax Credit.** The Tax Court discussed the compulsory standard in the foreign tax arena. (*Coca-Cola v Comm'r*, 149 TC No 21 (2017)). [See § 12.02[1][a][i].]

- **Transfer Pricing.** Treasury is planning to issue regulations that provide special treatment for “specified national security contractors,” a defined term. [See § 18.09[4][h].]

- **Source of Income.** Treasury intends to issue regulations that will allow a taxpayer that has carried forward disqualifying interest from a pre-2018 period to carry it forward after 2017. [See § 25.03[1].]

- **Withholding.** Treasury intends to issue regulations that exempt buyers of a foreign-owned interest in a publicly-traded partner-

ship from complying with the new withholding rules until regulations are issued. (Notice 2018-08). [See § 27.02[2][h].]

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