DEPARTMENT OF THE TREASURY

Internal Revenue Service

26 CFR Part 1

[TD 9901]

RIN 1545-BO55

Deduction for Foreign-Derived Intangible Income and Global Intangible Low-Taxed Income; Correction

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Final regulations; correction.

SUMMARY: This document contains corrections to the final regulations (Treasury Decision 9901) that were published in the Federal Register on Wednesday July 15, 2020. Treasury Decision 9901 contained final regulations that provide guidance regarding the deduction for foreign-derived intangible income (FDII) and global intangible low-taxed income (GILTI) and for coordinating the deduction for FDII and GILTI with other provisions in the Internal Revenue Code.

DATES: These corrections are effective on November 2, 2020. For dates of applicability, see §§1.250-1(b) and 1.861-8(h).

FOR FURTHER INFORMATION CONTACT: Brad McCormack at (202) 317-6911 and Lorraine Rodriguez at (202) 317-6726 (not toll-free numbers).

SUPPLEMENTARY INFORMATION:

Background

The final regulations (TD 9901) that are the subject of this correction are under sections 250 and 861 of the Internal Revenue Code.
Need for Correction

As published on July 15, 2020 (85 FR 43042) the final regulations (TD 9901) contain errors that need to be corrected.

Correction of Publication

Accordingly, the final regulations (TD 9901) that were the subject of FR Doc. 2020-14649, published at 85 FR 43042 (July 15, 2020), are corrected as follows:

1. On page 43044, third column, the third through the fifth, and the ninth line from the top of the last partial paragraph, and page 43045, first column, the first line from the top of the first partial paragraph, the language “taken into account in determining the taxable income limitation in section 250(a)(2),” is corrected to read “taken into account for coordinating taxable income limitations (including the taxable income limitation in section 250(a)(2),)” and the language “if the method is applied consistently for all taxable” is corrected to read “if the same method is applied consistently for all relevant Code sections and for all taxable”.

2. On page 43071, first column, the third and eighth and ninth line from the top of the last partial paragraph from the bottom, the text “years beginning before January 1, 2021,” is corrected to read “years beginning on or after January 1, 2018, and before January 1, 2021,” and the text “provisions in §1.250(b)-4(d)(3) or §1.250(b)-5(e)(4))” is corrected to read “provisions in §1.250(b)-4(d)(3) or §1.250(b)-5(e)(4)), but once applied, taxpayers must apply the final regulations for all subsequent taxable years beginning before January 1, 2021”.

3. On page 43071, second column, amend the first partial paragraph by adding at the end of the paragraph the text: “The final regulations also make conforming
amendments to §1.861-8 in relation to the finalization of the regulations under section 250. Consistent with the general applicability date for §§1.250(a)-1 through 1.250(b)-6, these amendments apply to taxable years beginning on or after January 1, 2021. For taxable years beginning before January 1, 2021, taxpayers may allocate and apportion deductions for purposes of determining deduction eligible income and foreign-derived deduction eligible income by allocating and apportioning deductions in accordance with the principles of §§1.861-8 through 1.861-17. No inference is intended as to whether other approaches for allocating and apportioning deductions for purposes of section 250(b) may be considered to result in properly allocable deductions."

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