

Strafford Webinar: IRC 962 Election for Corporate Tax Rate on Subpart F Income

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July 10, 2020

Significant changes to the international taxation of controlled foreign corporations (CFCs) require tax advisers to engage in proactive planning to **minimize the tax liability on previously deferred foreign income**. For some individual, trust, or estate taxpayers holding shares in foreign corporations, an election under Section 962 to have qualified foreign income taxed at the corporate rate may make sense given the cost and complexities of the new GILTI regime on holdings in CFCs.

Section 962 allows individuals or fiduciaries to be taxed at domestic corporate rates on any amounts included as gross income under IRC 951(a), including presumable GILTI because of Section 951A(f)(1)(A), rather than at potentially higher individual or fiduciary income tax rates. An election under Section 962 can provide benefits specific to trusts and estates, given the compressed fiduciary income tax rates applicable to such taxpayers. Taxpayers making the election may also claim an **indirect or deemed paid foreign tax credit under Section 960**. Under the GILTI rules, in Section 960(d), only domestic corporations are eligible to claim indirect foreign tax credits.

There are **several areas of risk and uncertainty surrounding the 962 elections**, and tax advisers to individuals should proceed carefully in evaluating whether to elect domestic corporate tax treatment. When an electing taxpayer receives a distribution of earnings previously included in gross income under 951(a) or 951A(a), such taxpayer must include in gross income any distribution amount exceeding the amount of U.S. income tax paid at the time of the Section 962 election, which may result in double inclusion of previously deferred income.

Listen as our experienced panel provides a practical guide to the planning and compliance challenges of making a Section 962 election for Subpart F income and GILTI.

To register for the webinar, click on the following link: <https://www.straffordpub.com/products/irc-962-election-for-corporate-tax-rate-on-subpart-f-income-2020-07-07>