



Tax Exempt & Government Entities

## **Tax Cuts and Jobs Act – Non-EO Provision**

**Foreign Dividends**

**IRC 965 - Provision 14103**

**Global Intangible Low-Tax Income**

**IRC 951A – Provision 14201**

**Training based on TCJA guidance issued through  
September 30, 2018**



## Section 14103 – General Overview

- International reform under LB&I could tax EOs that receive foreign dividends due to a transition from a “worldwide” to a quasi-territorial tax
- Affected income reported on Form 990-T attachment
- The provision is estimated to affect < 100 Forms 990-PF (fewer, if any, Forms 1120-POL)

### Slide 2

In the event an EO receives foreign dividends there will be a reporting requirement per Form 990-T.

However, it's anticipated to impact fewer than 100 Forms 990-PFs.



## Section 14201 – General Overview

- New IRC 951A – A US shareholder of a controlled foreign corporation must include in gross income Global Intangible Low-Taxed Income (GILTI):
  - Tax on earnings exceeding 10% return on foreign assets

### Slide 3

Section 14201 of the law enacted a new inclusion of so-called “GILTI” under Section 951A(a), the acronym for global intangible low-taxed income.

GILTI is attributable, in whole or in part, to insurance income (as defined in Section 953) that is not subpart F income.

This income is generally treated as a dividend, which is usually excluded from the calculation of UBTI under Section 512(b)(1).

“Global Intangible Low Tax Income” ( or GILTI) is a newly-defined category of foreign income

that gets added to a corporation’s taxable income each year.

In effect, it is a tax on a corporation’s earnings that exceed a 10 percent return on it’s invested foreign assets.

- Reporting information for 2017 Form 990-T is provided at:  
[www.irs.gov/newsroom/questions-and-answers-about-reporting-related-to-section-965-on-2017-tax-returns](http://www.irs.gov/newsroom/questions-and-answers-about-reporting-related-to-section-965-on-2017-tax-returns)
- The 2018 forms & instructions will be revised for reporting on the following:
  - Form 990-T
  - Form 990-PF
  - Form 1120-POL

#### Slide 4

Based on the link shown on the slide you'll find questions and answers about reporting requirements as it relates to Section 965 and pertaining to 2017 tax returns. However, the revisions for the 2018 are still being developed and publication will be forthcoming as indicated in my opening remarks.

- These are not EO specific provisions
  - Exam issues similar to Subpart F income
- What might we see in the field?
  - Attachments to Forms 990-T or -PF
- How is law applied with no guidance?
  - Treat income similar to prior law Subpart F dividends
- What is role of Area Counsel?
  - May serve as Liaison to Associate Counsel TEGE & ACC International

## Slide 5

Remember there may be attachments to your 990-T or PF pertaining to subpart F – income that has been impacted by new tax changes for years beginning after 12/31/2017.

First, reference the newly developed information once it's published.

Furthermore, Area Counsel is always available for interpretation and guidance.