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February 13, 2020

Revised Draft Letter on Proposed Foreign Tax Credit Regulations -- Comments Requested

[32214]

February 13, 2020 TO: Management Company Tax Subcommittee RE: Revised Draft Letter on Proposed Foreign Tax Credit Regulations -- Comments Requested

As we discussed on the conference call this afternoon,[1] attached for your review is a revised letter to the Treasury Department and the Internal Revenue Service (IRS) requesting clarification of the recently proposed regulations under section 904. Specifically, ICI asks the government to expand the definition of "foreign services group" to include banks and broker/dealers by cross-referencing all of section 954(h)(2)(B). As currently drafted, the proposed regulations cross-reference section 954(h)(2)(B)(i) only; as a result, only affiliated groups that derive more than 70 percent of the group's income directly from the active and regular conduct of a lending or finance business fall within the definition for these purposes.

Comments on the proposed regulations are due to the IRS by Tuesday, February 18, 2020. Therefore, please provide any comments to me (kgibian@ici.org or 202-371-5432) **no later than 10 am ET on February 18.**

Karen Lau Gibian
Associate General Counsel

[Attachment](#)

endnotes

[1] *See* Institute Memorandum No. 32195, dated February 4, 2020, which can be found here: https://www.ici.org/my_ici/memorandum/memo32195. *See also* Institute Memorandum No. 32207, dated February 11, 2020, which can be found here: https://www.ici.org/my_ici/memorandum/memo32207.