

# TaxNewsFlash

## United States

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### **Notice 2019-01: Future regulations, foreign corporations with previously taxed earnings and profits (text of notice)**

The IRS today released an advance version of Notice 2019-01 that announces that the IRS and Treasury Department plan to issue regulations addressing certain issues with respect to foreign corporations with "previously taxed earnings and profits" (PTEP).

The IRS notice explains that the future regulations will address certain issues relating to measures enacted by the new U.S. tax law (Pub. L. No. 115-97 (date of enactment December 22, 2017))—the law that is often referred to as the "Tax Cuts and Jobs Act" (TCJA).

#### [Notice 2019-01 \[PDF 85 KB\]](#)

- Provides background on section 959 and other relevant Code provisions
- Describes proposed regulations that the Treasury Department and the IRS intend to issue concerning PTEP arising under provisions of the new tax law
- Describes the proposed applicability date of the forthcoming regulations
- Requests comments
- States that the Treasury Department and IRS intend to address additional PTEP issues in separate guidance

An [IRS transmittal message](#) states that the future regulations will include (1) rules relating to the maintenance of PTEP in annual accounts and within certain groups; (2) rules relating to the ordering of PTEP upon distribution and reclassification; and (3) rules relating to the adjustment required when an income inclusion exceeds the earnings and profits of a foreign corporation. It is anticipated that the future regulations will apply to tax years of U.S. shareholders ending after December 14, 2018 (the date of release of Notice 2019-01) and to tax years of foreign corporations ending with or within such tax years.

The purpose of this report is to provide text of the IRS notice. Initial impressions about Notice 2019-01 will be provided in a future edition of *TaxNewsFlash*.

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