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**Re: Proposed FTC Regulations Re. 105600-18**

Dear Sirs:

On behalf of the National Foreign Trade Council (“NFTC”), I would like to express our appreciation to the U.S. Department of the Treasury (“Treasury”) and the Internal Revenue Service (“Service”) for your efforts in developing the recently issued proposed FTC regulations (the “Proposed FTC Regulations”).

The NFTC, organized in 1914, is an association of approximately 250 U.S. business enterprises engaged in all aspects of international trade and investment. Our membership covers the full spectrum of industrial, commercial, financial and service activities and the NFTC therefore seeks to foster an environment in which U.S. companies can be dynamic and effective competitors in the international business arena. The NFTC’s emphasis is to encourage policies that will expand U.S. exports and enhance the competitiveness of U.S. companies by eliminating major tax inequities in the treatment of U.S. companies operating abroad. To

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achieve this goal, American businesses must be able to participate fully in business activities throughout the world, through the export of goods, services, technology, and entertainment and through direct investment in facilities abroad. Foreign trade is fundamental to the economic growth of U.S. companies.

The Proposed FTC Regulations are highly complex and would have a very significant impact on U.S. income tax administration and compliance. In light of that complexity, and the significant number of issues that we have with the Proposed FTC Regulations, we urge the Treasury and the Service to revise the regulations as discussed below.

### **R&E Expenses and the GILTI Basket**

**Recommendation:** For purposes of Section 904(d)(1)(A), guidance should be issued confirming that allocation and apportionment of U.S.-level “R&E” expenses to the GILTI basket is not required unless the controlled foreign corporations (“CFC”) has an ownership interest in the intellectual property (“IP”) resulting from the R&E. In instances where the ownership of the IP resulting from the R&E is in the United States, R&E expenses should only be allocated to classes of income that are directly created or earned by the activities of the U.S. IP owner. Put another way, in these contexts, R&E expenses should not be allocated to the class of income constituting deemed dividends from CFCs. In particular, when a U.S. parent owns the IP and contracts with its CFCs solely to perform support functions (whether those functions include sales, manufacturing or other support), the only taxpayer benefitting from the income derived from the R&E is the U.S. parent, and not the foreign CFC. In this context, income earned by the CFCs arises solely from their functions, and not from any IP generated by the R&E expenses ultimately borne by the U.S. parent. Because the CFC’s income does not include any return to IP, such income should not attract any R&E expense.

### **R&E Expenses and Sales Method/Gross Income Method**

**Recommendation:** For purposes of Section 904, guidance should be issued to clarify that the sales method of allocating and apportioning U.S.-level “R&E” expense takes into account only sales by controlled or uncontrolled parties of products involving intangible property that was licensed or sold by the taxpayer to such parties. Similarly, for purposes of Section 904, guidance should be issued to provide that the gross income method of allocating and apportioning U.S.-level “R&E” expense takes into account only gross income from the exploitation of intangible property, for example (1) royalty income, or (2) income from sales of a product by a taxpayer that owns or licenses intangible property embedded in the product. The changes to the U.S. international tax rules, in particular the changes to the foreign tax credit system, have put additional pressure on the appropriate allocation of R&E expense.

The recommended rule can be illustrated as follows:

U.S. company performs R&E and owns all intangible property resulting from such R&E. U.S. company contracts with a foreign affiliate, CFC 1, to manufacture products using the IP. CFC

1 has no rights to sell the products to third parties. CFC 1 sells these products to U.S. company. U.S. company sells the products to U.S. customers, and to another affiliate, CFC 2, for on-sale to foreign customers. Under the sales method for allocating R&E expense, the sales by CFC 1 are not considered because CFC 1 has not licensed or acquired any intangible property resulting from the R&E. The sales of U.S. company to customers and to CFC 2, and the sales of CFC 2 to customers, are considered, consistent with the current rule against double counting in Treas. Reg. Sec. 1.861-17(c)(3)(iii). Under the gross income method for allocating R&E expense, only the gross income of U.S. company from the sale of products to U.S. customers and to CFC 2 is considered, because neither CFC 1 nor CFC 2 have licensed or acquired any intangible property resulting from the R&E.

### **R&E Expenses and Gross Income Method**

For purposes of Section 904, guidance should be issued to clarify that the gross income used for allocating and apportioning U.S.-level “R&E” under the gross income method does not include gross income that is treated as exempt income based on the Section 250 deduction. This is consistent with the rule in Prop. Treas. Reg. Sec. 1.861-8(d)(2)(ii)(C)(1).

**Recommendation:** An explicit reference to this rule should be provided in Treas. Reg. Sec. 1.861-17(d), or an explicit reference to Treas. Reg. Sec. 1.861-17(d) should be provided in Prop. Treas. Reg. Sec. 1.861-8(d)(2)(ii)(C)(1).

### **Section 960 Subpart F Income Groups**

Prop. Reg. Treas. Reg. Sec. 1.960-1(d)(2)(ii)(B) creates multiple general limitation subpart F income groups for purposes of Section 960(a). The proposed regulations provide that no foreign taxes attributable to a subpart F income group are deemed paid by the U.S. shareholder unless there is positive net subpart F income in that particular subpart F income group. This can result in stranded foreign taxes due to timing differences even when there is a general limitation subpart F inclusion, thereby resulting in double taxation of general limitation subpart F income over time.

**Recommendation:** Guidance should be issued to provide that all items of general limitation subpart F income should be considered one item for purpose of determining whether foreign income taxes are “properly attributable” to subpart F income under section 960(a).

### **Foreign Branch Income Category – Dispositions of a Foreign Branch**

Under the proposed regulations, operating income from foreign branches is allocated to the foreign branch basket, and income from the disposition of foreign branch assets is generally allocated to the foreign branch basket. The disparate treatment of income attributable to a foreign branch’s disposition of its assets compared to the treatment of the disposition of the entire foreign branch produces inappropriate results. For example, a foreign branch that incurs significant R&D expenses in the foreign branch income basket by developing valuable

intellectual property should not generate general category income when the foreign branch is sold. Gross income attributable to a foreign branch should be allocated to the foreign branch income basket regardless of whether that income arises with respect to the operation of the foreign branch or from the disposition of the foreign branch. Such an approach would be consistent with the general exclusion of income attributable to stock of a corporation from the foreign branch income basket both while the stock is held and at disposition. See Prop. Treas. Reg. Sec. 1.904-4(f)(2)(iii).

**Recommendation:** Prop. Treas. Reg. Sec. 1.904-4(f)(2)(iv)(A) should be amended to provide that income from the disposition of a foreign branch should be included in the foreign branch

### **Prop. Treas. Reg. Sec. 1.861-9(e)(8)(ii) – Specified Partnership Loan Transactions**

Prop. Treas. Reg. Sec. 1.861-9(e)(8)(ii) provides that to the extent a lender in a specified partnership loan transaction takes into account both interest expense and interest income with respect to the same loan, the interest income is assigned to the same statutory and residual groupings as those groupings from which the interest expense is determined.

**Recommendation:** A similar rule for a loan going the opposite direction should be adopted. The proposed rule should be a two-way street. For a loan from a partnership to a borrower, the interest income and expense of the borrower should be sourced in the same manner. If not, for example, a loan from a partnership to a borrower, where the partners and the borrower are in the same consolidated group, would result in U.S. source interest income to the partners in the partnership but would result in disparate treatment to the borrower with its interest expense assigned to the various groupings determined under the section 861 rules as applied to the consolidated group. Align the treatment of interest expense and income for a loan from a partnership to a lender that occurs in the same context as a specified partnership loan.

### **Section 1293(f) and Prop. Treas. Reg. Sec. 1.960-1(a)(1)**

Section 1293(f) grants a 10-percent corporate shareholder a foreign tax credit for amounts included from owning stock of a qualified electing funder under section 1293(a) by including such amounts as if included under section 951(a). Prop. Treas. Reg. Sec. 1.960-1(a)(1) states that “[t]hese regulations provide the exclusive rules for determining the foreign income taxes deemed paid by a domestic corporation.” The proposed rules allow foreign taxes paid with respect to a controlled foreign corporation. Prop. Treas. Reg. Sec. 1.960-1(b)(2) define a controlled foreign corporation to mean a foreign corporation described in section 957(a). By not referencing Section 1293(f), the proposed regulations under Section 960 do not consider directly the credibility granted by Section 1293(f).

**Recommendation:** While a shareholder can rely on Section 1293(f) to take foreign tax credits on amounts included from a qualified electing fund, a reference to the Section 1293 rules would be a helpful clarification.

### **Limitation of the Section 367(d) Foreign Branch Rule**

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In general, transfers of property between a foreign branch and its foreign branch owner do not affect the amount of gross income attributable to a foreign branch (See Prop. Treas. Reg. Sec. 1.904-4(f)(2)(vi)(C)). However, certain transfers of intangible property (within the meaning of Section 367(d)(4)) to or from a foreign branch require adjustments, based on the principles of Sections 367(d) and 482, to the amount of gross income attributable to a foreign branch (See Prop. Treas. Reg. Sec. 1.904-4(f)(2)(vi)(D)). For purposes of this rule, the term “transfer” is not defined.

***Recommendations:*** Guidance should be provided that clarifies that the Section 367(d) foreign branch rule applies only to an actual transfer of IP to or from a foreign branch, and does not apply to transfers which are deemed to occur solely for U.S. federal income tax purposes. This is consistent with the purpose of the rule, which is to prevent non-economic reallocations of gross income. Further, a Section 332 liquidation (whether or not resulting from a check-the-box election) of a foreign corporation into a U.S. branch owner should be expressly exempt from the rule since the Section 367(d) policy concerns are clearly not implicated in such a transaction. Specifically, where a U.S. company elects to treat a foreign subsidiary as a disregarded entity for U.S. federal income tax purposes, guidance should be provided that clarifies that any IP which is deemed to be recontributed to the foreign branch (*i.e.*, the now disregarded foreign subsidiary) following the deemed liquidation is not subject to the Section 367(d) foreign branch rule.

#### **Allocation of R&E Expenses**

The Proposed FTC Regulations provide for exempt income and exempt asset treatment to the GILTI category to the extent a deduction is available under Section 250(a) for a GILTI inclusion (see Prop. Treas. Reg. Sec. 1.861-8(d)(2)(ii)(C)(1)). As a result, expenses allocable to GILTI category income should generally decrease to the extent such expenses are apportioned based on asset value or gross income. As discussed above, R&E expenses can be apportioned under the sales method or gross income method (see Treas. Reg. Sec. 1.861-17(c) and –(d)).

***Recommendation:*** The final regulations should clarify that the sales method for apportioning R&E will also benefit from the exempt asset and income treatment. Absent additional guidance, the Proposed FTC Regulations create an incentive to use the gross income method and punish taxpayers using the sales method.

#### **GILTI Separate Limitation Losses**

The Tax Cuts and Jobs Act (“TCJA”) did not amend Section 904(f). Section 904(f)(5) describes the treatment of separate limitation losses (“SLL”). The legislative history to section 904(f) indicates that SLLs are intended to mitigate the adverse impact that a loss in a single separate category has on foreign taxes associated with another separate category. “The allocation to foreign income subject to the overall limitation of a loss in a separate limitation basket will, by reducing the overall limitation income and hence the overall limitation, result in additional excess foreign tax credits in the event that the overall limitation income bears high foreign tax. The committee believes that these effects should be mitigated. This can be accomplished in a year or years following the loss year when income is earned in the loss

basket by requiring a recharacterization of that income as income of the type previously reduced by the loss.” See H.R. Rep. 99-426, at 335 (Dec. 7, 1985).

An SLL is created when a foreign loss in one separate category offsets foreign income in another separate category. The SLL is recaptured when the separate category that previously generated a loss generates income in a future taxable year. SLLs generally do not create adverse foreign tax credit impacts to a taxpayer if the SLL is recaptured within the 10-year FTC carryover period. However, GILTI SLLs are an exception since foreign taxes properly attributable to the GILTI category are not permitted to carryover to a future taxable year.

**Recommendation:** Thus, consistent with the legislative intent, SLLs should not be permitted to arise with respect to the GILTI category.

For the reasons described above, rules should also be promulgated with respect to the interaction of the GILTI foreign tax credit basket with any “overall domestic losses” (“ODLs”) generated in post-2017 tax years. That is, domestic losses in a given post-2017 tax year should either (i) not be allocated to reduce any income in the GILTI category or (ii) taxes properly attributable to the GILTI category income in that tax year should “hover” until the tax year when the ODL with respect to the GILTI category is recaptured under section 904(g).

#### **Prop. Treas. Reg. Sec. 1.904-2(a) – Carryover of Unused Foreign Taxes**

Under Prop. Reg. Treas. Reg. Sec. 1.904-2(a), foreign tax paid or accrued with respect to section 951A category income (GILTI) may not be carried back or carried forward or deemed paid or accrued under Section 904(c).

**Recommendation:** Foreign tax paid or accrued with respect to Section 951A category income (GILTI) should be eligible for carryover or carryback.

#### **Prop. Reg. Treas. Reg. Sec. 1.904-2(j)(1)(iii) – Transition Rules for the Carryover of Unused Foreign Taxes (General Category Exception)**

Under Prop. Reg. Treas. Reg. Sec. 1.904-2(j)(1), the carryforward of pre-2018 unused foreign taxes is allocated to the same separate category from which the unused foreign taxes are carried. This allocation appropriately provides a safe harbor for taxpayers to keep unused pre-2018 general foreign taxes in the general category. Under Prop. Treas. Reg. Sec. 1.904-2(j)(1)(iii), a taxpayer may choose an exception to allocate pre-2018 unused foreign taxes (other than deemed paid) to the foreign branch category income to the extent it would have been so allocated to the branch category. Taxpayers must apply this exception to all general category unused foreign taxes carried to all post-2017 years.

**Recommendation:** Allow taxpayers a choice under Prop. Treas. Reg. Sec. 1.904-2(j)(1)(iii) a choice to apply the general category exception to post-2017 years on a year-by-year basis,

rather than to all post-2017 tax years.

**Prop. Treas. Reg. Sec. 1.904-4(g) – Section 951A (GILTI) Category Income**

Under Prop. Treas. Reg. Sec. 1.904-4(g)(2), section 951A (GILTI) category income provides an exception for passive category income. Similarly, Prop. Treas. Reg. Sec. 1.904-5(c)(5), provides look-through treatment for GILTI income that is passive category income. However, there is no similar look-through for other separate categories of income, such as the general category income and foreign branch category income.

**Recommendation:** The Prop. Treas. Reg. Sec. 1.904-4(g)(2) exception for passive category income in the GILTI basket should apply to all categories of income, including the general limitation and foreign branch categories. Additionally, the look-through treatment for GILTI income under Prop. Treas. Reg. Sec. 1.904-5(c)(5) should apply to all categories of income.

**Prop. Reg. Sec. 1.904(b)3—Disregard of Certain Dividends and Deductions**

In the GILTI basket there are generally no § 245A expenses included in the numerator (income), hence no add-back, but there is add-back in the denominator to an amount in excess of taxable income which effectively attributes less US tax to that basket and dilutes a taxpayer's ability to take a full FTC in the situation where there is sufficient or excess FTCs available.

**Recommendation:** Amend proposed § 1.904(b)-3 to make clear that § 904(b)(4) only apply to categories of non-US source income in which a deduction under § 245(A) is included in the taxable income of such category.

**Prop. Treas. Reg. Sec. 1.861-8(e)(13) – Foreign-Derived Intangible Income Deduction**

Under Prop. Treas. Reg. Sec. 1.861-8(e)(13), the portion of the deduction that is allowed for foreign-derived intangible income (FDII) under Section 250(a)(1)(A) is considered definitely related and allocable to the class of gross income included in the taxpayer's foreign-derived deduction eligible income (as defined in Section 250(b)(4)). If necessary, the portion of the deduction is apportioned within the class ratably between the statutory grouping (or among the statutory groupings) of gross income and the residual grouping of gross income based on the relative amounts of foreign-derived deduction eligible income in each grouping. Taxpayers with high portions of foreign-derived deduction eligible income may be hampered in their ability to claim foreign tax credits as relevant foreign source income is reduced by FDII.

**Recommendation:** Consider should be given to making the FDII deduction an exempt deduction that is not apportioned to foreign-derived deduction eligible income in each statutory and residual grouping.

***Foreign Branch Income Attribution Rule of Proposed Treas. Reg. Sec. 1.904-4(f)(2)(vi)(D)***

Proposed Treas. Reg. Sec. 1.904-4(f)(2)(vi)(D) requires income arising from intangible property that has been transferred to or from a foreign branch to be attributed back to the foreign branch or foreign branch owner.

***Recommendation:*** This rule should be clarified to exclude the transitory ownership by a branch of IP developed by a controlled foreign corporation and repatriated to the United States. Many companies repatriated IP (and associated income) to the United States to reduce foreign taxes and address BEPS concerns by aligning IP profits with DEMPE functions. While these companies considered it worthwhile for the income to be taxed at the higher FDII rate rather than the GILTI rate to reduce foreign taxes and address BEPS concerns, they did not expect the income to be assigned to (and taxed in) the foreign branch income basket. This expectation is consistent with the tax treatment afforded by the residence foreign country of the branch, which respects the IP transfer and no longer taxes the profits generated by the IP.

The stated purpose of the proposed regulation is to guard against “non-economic reallocations of gross income attributable to the foreign branch category.” There is no non-economic reallocation of gross income attributable to the foreign branch category in the situation of transitory ownership of the IP by a branch. The CFC simply repatriated IP to the US, which was a goal of Congress in enacting the FDII deduction and aligns with BEPS concerns. The form of the transaction should not produce a different result.

The following clarification to Proposed Treas. Reg. Sec. 1.904-4(f)(2)(vi)(D) to exclude transfers of IP from a CFC to a US corporation where the IP is transitorily owned by a branch:

*(D) Certain transfers of intangible property.* For purposes of applying this paragraph (f)(2)(vi), the amount of gross income attributable to a foreign branch (and the amount of gross income attributable to its foreign branch owner) that is not passive category income must be adjusted under the principles of paragraph (f)(2)(vi)(B) of this section to reflect all transactions that are disregarded for Federal income tax purposes in which property described in section 367(d)(4) is transferred to or from a foreign branch, whether or not a disregarded payment is made in connection with the transfer.

***Transitory ownership by a foreign branch that neither enhances nor exploits the section 367(d)(4) property will not be considered a transfer for purposes of this paragraph (f)(2)(vi)(D).*** In determining the amount of gross income that is attributable to a foreign branch that must be adjusted by reason of this paragraph (f)(2)(vi)(D), the principles of sections 367(d) and 482 apply. For example, if a foreign branch owner transfers property described in section 367(d)(4), the principles of section 367(d) are applied by treating the foreign branch as a separate corporation to which the property is transferred in exchange for stock of the corporation in a transaction described in section 351.

The treatment could also be clarified in an example:

Proposed Treas. Reg. Sec. 1.904-4(f)(2)(i) Example (4) Certain transfers of intangible property:

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(A) **Facts.** P, a domestic corporation, owns FDE, a disregarded entity that is a foreign branch within the meaning of paragraph (f)(3)(iii) of this section. FDE develops and exploits property described in Section 367(d)(4), which it transfers to P for exploitation by P. Under Proposed Treas. Reg. Sec. 1.904-4(f)(2)(vi)(D), income of FDE must be increased and income of P must be decreased annually to reflect the income earned by A from the transferred intangible property.

(B) **Facts.** P, a domestic corporation, owns CFC1, a regarded foreign entity. CFC1 develops and exploits property described in Section 367(d)(4). In order to repatriate the intangible property to the US, P makes an election to be treated as a disregarded entity. The next day CFC1, which has become a FDE, distributes the IP to P. Since the ownership of the IP by FDE is transitory and the IP was neither enhanced nor exploited by FDE, no gross income is adjusted under Proposed Treas. Reg. Sec. 1.904-4(f)(2)(vi)(D) because of the transfer.

### **Timing Items**

The preamble to the Proposed Treas. Reg. (p. 75-76) states that gross income is first assigned to a section 904 category and then to income groups within the category, including a residual income group. Current year taxes are then associated with a specific income group and eligible to be deemed paid by a U.S. shareholder that has an inclusion associated with that group. Current year taxes related to base differences are assigned to the residual income group and not eligible to be deemed paid taxes (Proposed Treas. Reg. Sec. 1.960-1(d)(2)(ii)). Current year taxes associated with a section 904 category are eligible to be deemed paid taxes and are allocated to the subpart F income groups within the section 904 category based on the proportionate share of the related income in accordance with Proposed Treas. Reg. Sec. 1.960-2(b)(3).

Attached are two examples reflecting the operation of Proposed Treas. Reg. Sec. 1.960-2(b)(3). Both have the same economic and taxable income for local tax purposes and U.S. federal income tax purposes. But due to the mechanical rules for determination of the proportionate share of taxes and differences in timing between recognition of the income or utilization of net operating losses for local versus U.S. federal income tax purposes, there is what appears to be a permanent loss in what would otherwise be deemed paid taxes eligible to a U.S. shareholder as FTCs. The second example shows a kind of “cliff” effect where a taxpayer could lose substantial FTCs or retain them based on a small change in timing of income recognition.

Unlike base differences, it is not apparent that there is an intent to create a permanent loss of FTCs, resulting in double taxation of the related income, due to a timing item.

**Recommendation:** Proposed Treas. Reg. Sec. 1.960-2(b)(3)(ii) should allow an adjustment to the denominator for qualified deficits as local taxes have already been reduced by allowable net operating loss carryforwards and should not be further reduced in the determination of proportionate share. Proposed Treas. Reg. Sec. 1.960-2(b)(3) should allow a limited carryforward of taxes to reflect differences in timing between income recognition for local and

U.S. tax purposes and to relate the appropriate local taxes to the associated U.S. income inclusion.

See the examples below:

Permanent Loss of Deemed Paid Taxes – Same taxable/economic income results in loss of FTC due to timing issues

1. Timing item (NOL in this example) coupled with a qualified deficit

Assumes all income is single grouping of income

Local tax rate = 25%

NOLs can offset 50% of local taxable income in any given year (Example: UK limits NOL to 5M plus 50% of the profits over 5M in a year when used)

	Year 1	Year 2	Year 3	Year 4	Total
Foreign Income	(100.0)	100.0	100.0	100.0	200.0
NOL		(50.0)	(50.0)		
Taxable	(100.0)	50.0	50.0	100.0	
Foreign Tax		12.5	12.5	25.0	50.0
Net Foreign Income		87.5	87.5	75.0	150.0
Sub F	(100.0)	87.5	87.5	75.0	150.0
Qual Def Inclusion	0.0	(100.0)	(12.5)	75.0	
1960-2(b)(3) Numerator		0.0	75.0	75.0	
1960-2(b)(3) Denominator		87.5	87.5	75.0	
Deemed Paid Tax		0.0	10.7	25.0	35.7
Loss of Deemed Paid Taxes	0.0	12.5	1.8	0.0	14.3
% of Foreign Tax Lost					29%

2. Timing adjustment which reduces subpart F to at or below 0 and produces "cliff" result (similar result to CY E&P limitation)

Assumes all income is single grouping of income

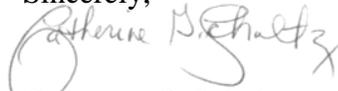
Local tax rate = 25%

Example: Item deductible for local tax purposes in Year 1 and deductible for US tax purposes in Year 2 (item is 7.5 in first example, 6.5 in second example).

	Year 1	Year 2	Year 3	Year 4	Total		Year 1	Year 2	Year 3	Year 4	Total
Foreign Income	10.0	10.0	10.0	10.0	40.0	Foreign Income	10.0	10.0	10.0	10.0	40.0
Foreign Tax	2.5	2.5	2.5	2.5	10.0	Foreign Tax	2.5	2.5	2.5	2.5	10.0
Net Foreign Income	7.5	7.5	7.5	7.5	30.0	Net Foreign Income	7.5	7.5	7.5	7.5	30.0
Net Foreign Income	7.5	7.5	7.5	7.5	30.0	Net Foreign Income	7.5	7.5	7.5	7.5	30.0
Timing Adj	7.5	(7.5)	0.0	0.0		Timing Adj	6.5	(6.5)	0.0	0.0	
Sub F Inclusion	15.0	0.0	7.5	7.5		Sub F Inclusion	14.0	1.0	7.5	7.5	
1960-2(b)(3) Numerator	15.0	0.0	7.5	7.5		1960-2(b)(3) Numerator	14.0	1.0	7.5	7.5	
1960-2(b)(3) Denominator	15.0	0.0	7.5	7.5		1960-2(b)(3) Denominator	14.0	1.0	7.5	7.5	
Deemed Paid Tax	2.5	0.0	2.5	2.5	7.5	Deemed Paid Tax	2.5	2.5	2.5	2.5	10.0
Loss of Deemed Paid Taxes	0.0	2.5	0.0	0.0	2.5	Loss of Deemed Paid Taxes					0.0
% of Foreign Tax Lost					25%	% of Foreign Tax Lost					0%

Again, thank you very much for the opportunity to provide these comments. Please do not hesitate to contact me should you have any questions on the above. We would be glad to meet with you to discuss these comments more fully and hereby formally request a public hearing to present our oral comments on the Proposed FTC Regulations.

Sincerely,



Catherine G. Schultz  
Vice President for Tax Policy

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