

U.S. Tax news

GILTI Proposed Regulations

Tax Cuts and Jobs Act 2017 introduced the section 951A Global Intangible Low-Income (GILTI) tax, which imposes a minimum tax on offshore earnings of controlled foreign corporations. The Treasury and IRS have published proposed regulations providing clarity on new Global Intangible Low-Tax Income. Proposed regulations provide definitions, calculation of GILTI, and US shareholder's GILTI inclusions. However, we expect more clarifications from the Treasury because Proposed Regulations have not provided clarifications for all the unanswered GILTI issues. For example, Proposed Regulations do not include rules relating to foreign tax credits, electing Section 962, and Section 250 deduction.

Base Erosion and Anti-Abuse Tax Proposed Regulations (BEAT)

Another change to the U.S. international tax system under Tax Cuts and Jobs Act 2017 is the Base Erosion and Anti-Abuse Tax (BEAT). Under the new section 59A, there will be a tax equal to the base erosion minimum tax amount for certain taxpayers from the beginning of 2018. One of the parties this provision mainly affect are corporate taxpayers with gross receipts averaging more than \$500 million over a three-year period who make deductible payments to foreign related parties.

The proposed regulations issued by the IRS, provide details on which taxpayers can be subjected the section 59A, definition of base erosion payment, calculation method of base erosion minimum tax, and the inclusion of base erosion and anti-abuse tax.