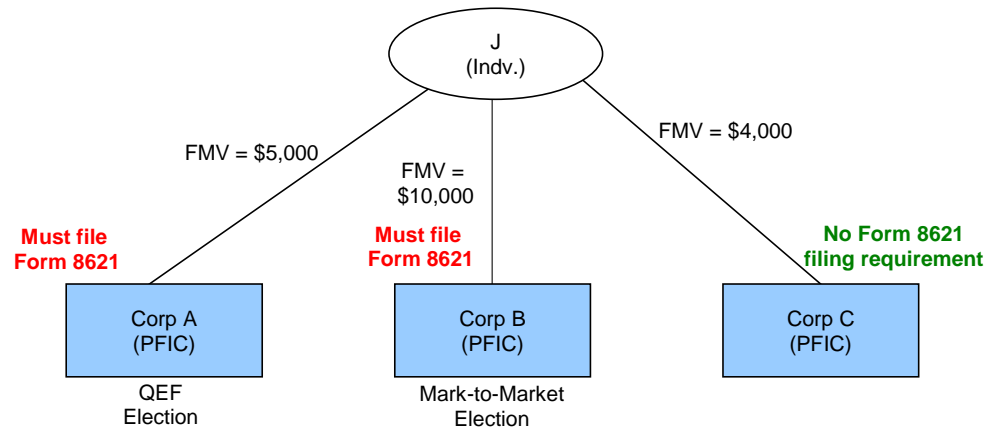


**Treasury Regulation  
1.1298-1T(g) Example 2**

**Form 8621: PFIC Annual Filing -- \$25,000  
De Minimis Exception**

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Blue means non-U.S. person or persons

In 2013, J, a United States citizen, directly owns stock of Corp A, Corp B, and Corp C, all of which were passive foreign investment companies ("PFICs") during 2013. As of the last day of 2013, the value of J's interests was \$5,000 in Corp A, \$10,000 in Corp B, and \$4,000 in Corp C. J timely filed an election under Code §1295 to treat Corp A as a qualified electing fund ("QEF") for the first year in which Corp A qualified as a PFIC, and a mark-to-market election under Code §1296 with respect to the stock of Corp B. J did not make a qualified electing fund election under Code §1295 or a mark to market election under Code §1296 with respect to Corp C. J did not receive an excess distribution or recognize gain treated as an excess distribution in respect of C Corp during 2013.

Under Treas. Reg. §1.1298-1T(b)(1), J must file separate Forms 8621 with respect to Corp A and Corp B for 2013. However, J is not required to file a Form 8621 with respect to Corp C because J owns, in the aggregate, PFIC stock with a value of less than \$25,000 on the last day of J's taxable year, Corp C is not subject to a qualified electing fund election or mark to market election with respect to J, and J did not receive an excess distribution in respect of Corp C or recognize gain treated as an excess distribution in respect of C Corp during 2013. Therefore, J qualifies for the \$25,000 exception in Treas. Reg. §1.1298-1T(c)(2) with respect to Corp C.

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