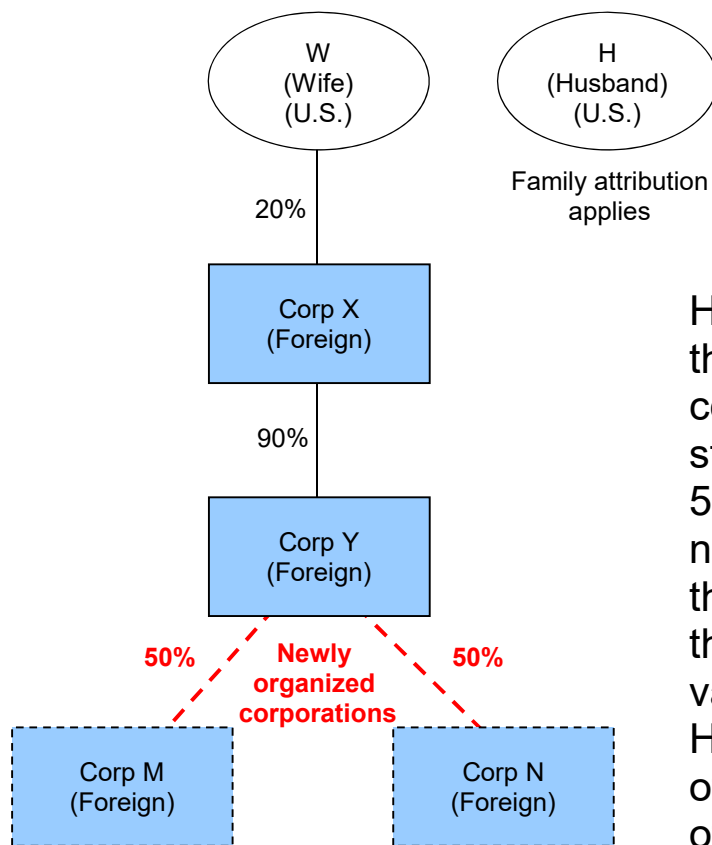


# Reg. 1.6046-1(i)(2), Example

## Form 5471: Category 3 Filer, No Re-Application of Family Attribution

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H, W, and HF are U.S. citizens. W, wife of H, owns 20% of the value of the outstanding stock of X, a foreign corporation. X owns 90% of the value of the outstanding stock of Y, a foreign corporation. Y becomes the owner of 50% of the value of the outstanding stock of each of two newly organized foreign corporations, M and N. In applying the “members of family” rule, H is considered to own 20% of the value of the outstanding stock of X, and 18% of the value of the outstanding stock of Y, and 9% of M and N. However, HF, the father of H, is not considered to own stock of X, Y, M, or N since his son, H, is not treated as the owner of such stock for purposes of again applying the “members of family” rule.

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