

Reg. 1.861-13(a)(1)(i)(A)

Ten Statutory Groupings for Characterizing CFC Stock

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		Foreign Source Gross Income	Treaty Resourced Gross Income	US Source Gross Income
Tested		1 Gen. Pass.	2 Gen. Pass.	3 Gen. Pass.
SubF		4 Gen. Pass.	5 Gen. Pass.	6 Gen. Pass.
245(a)(5)	ECI and E&P from div.s from certain dom. corp.s	7 Gen. Pass.		8 Gen. Pass.
Other / Specified	High-taxed income, etc.	9 Gen. Pass.		10 Gen. Pass.

For each statutory grouping, the gross income of the CFC must be broken out into the general and passive categories.

A CFC is not treated as earning 951A category income. Reg. 1.861-13(a)(2).

CFCs don't usually earn:

U.S. source income (3, 6, 8, & 10),

Income resourced by treaty (2 & 5),

ECI (7 & 8), or

Dividend income from certain domestic subsidiaries (7 & 8).

Thus, the most commonly found income/assets will fall within categories 1, 4, and 9.

The CFCs in Examples 1, 2, and 3 of Reg. 1.861-13(c) only have assets that generate income falling within categories 1, 4, and 9.

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