Controlled foreign corporation A, incorporated under the laws of foreign country X, is a wholly owned subsidiary of domestic corporation M. Corporation A purchases coffee beans grown in country X from foreign corporation P, a related person, and sells the beans to M Corporation, a related person, for use in the United States. **Income from the purchase and sale** of the coffee beans by A Corporation **is not foreign base company sales income** since the beans were grown in country X.

This exception to foreign base company sales income is sometimes referred to as the "same country manufacturing exception".

HUNDREDS of additional charts at www.andrewmitchel.com