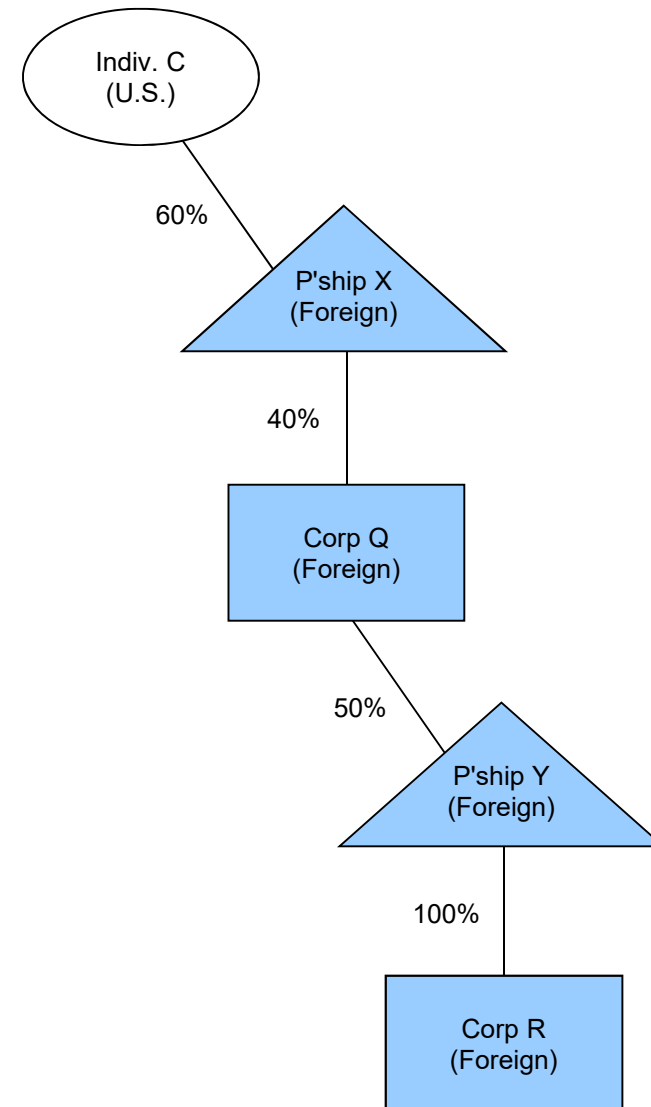


**Reg. 1.958-1(d),
Example 2**

**Indirect Ownership Thru
Foreign Partnerships &
Foreign Corporations**

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United States person C is a 60-percent partner in foreign partnership X. Partnership X owns 40 percent of the one class of stock in foreign corporation Q. Corporation Q is a 50-percent partner in foreign partnership Y, and partnership Y owns 100 percent of the one class of stock in foreign corporation R. By the application of Reg. 1.958-1(b), C is considered to own 12 percent (60 percent of 40 percent of 50 percent of 100 percent) of the stock in R Corporation.



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