

**Reg. 1.958-2(g),
Example 3**

**Downward Attribution Thru
Partnership & Corp**

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United States person D owns 25% of the one class of stock in foreign corporation S. D is also a 40-percent partner in domestic partnership X, which owns 50% of the one class of stock in domestic corporation T. Under Reg. 1.958-2(d)(1)(i), the 25% of the stock in S Corporation owned by D is considered as being owned by partnership X; since such stock is treated as actually owned by partnership X under Reg. 1.958-2(f)(1)(i), such stock is in turn considered as being owned by T Corporation under Reg. 1.958-2(d)(1)(iii). Thus, under Reg. 1.958-2(d)(1) and (f)(1)(i), T Corporation is considered as owning 25% of the stock in S Corporation.

