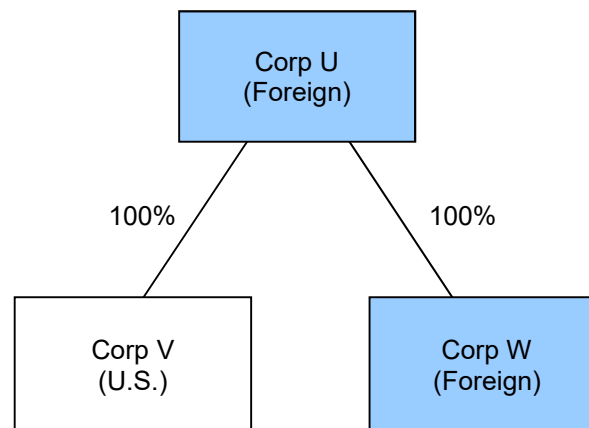


**Reg. 1.958-2(g),
Example 4**

**No Downward Attribution
From Foreign Corp (Old Law)**

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Foreign corporation U owns 100% of the one class of stock in domestic corporation V and also 100% of the one class of stock in foreign corporation W. By virtue of Reg. 1.958-2(d)(2), V Corporation may not be considered under Reg. 1.958-2(d)(1) as owning the stock owned by its sole shareholder, U Corporation, in W Corporation.



This rule is no longer effective after January 1, 2018 with the repeal of Sec. 958(b)(4). Thus, under the new law, Corp V is attributed 100% of the shares of Corp W. This means that Corp W would be a CFC.

However, consistent with Section 5.02 of Notice 2018-13, the instructions to Form 5471 will be amended to provide an exception from certain filing requirements for a U.S. person that is a U.S. shareholder with respect to a CFC if no U.S. shareholder owns, within the meaning of Sec. 958(a), stock of the CFC and the foreign corporation is a CFC solely because a U.S. person is considered to own the stock of the CFC owned by a foreign person under [the downward attribution rules of] Sec. 318(a)(3).

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