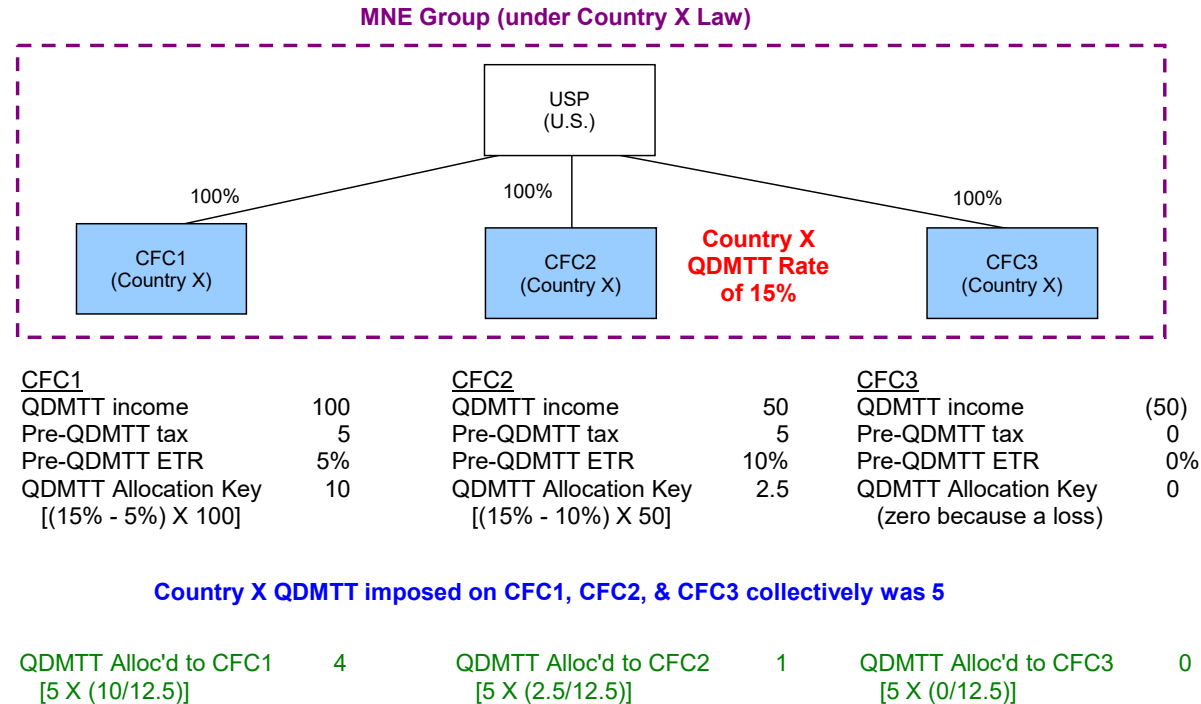


**Notice 2023-80 §2.04(5)(c),  
Example 3**

**QDMTT Imposed On Three  
Persons (One With a Loss)**

Copyright © 2023 Andrew Mitchel LLC  
International Tax Services  
www.andrewmitchel.com

Country X has enacted a QDMTT. Under Country X tax law, entities that are resident in, or have a taxable presence in, Country X and that are members of the same MNE Group, are jointly and severally liable for the QDMTT. USP is a United States person that owns all of the stock of each of CFC1, CFC2, and CFC3, each of which is a CFC that is a tax resident of Country X. CFC1, CFC2, and CFC3 are members of the same MNE Group under Country X tax law. In Year 1, CFC1's Separate QDMTT Income is 100u (units of Country X currency) and CFC1's Separate Pre-QDMTT Taxes is 5u.



In the same year, CFC2's Separate QDMTT Income is 50u, and CFC2's Separate Pre-QDMTT Taxes is 5u. Also in the same year, CFC3's Separate QDMTT Income is a net loss of 50u, and its Separate Pre-QDMTT Taxes is zero. The QDMTT Rate in Country X is 15%. Country X imposes 5u of QDMTT with respect to CFC1, CFC2 and CFC3 collectively.

Under Country X tax law, the amount of the QDMTT is computed by reference to the income of CFC1, CFC2, and CFC3. Under section 2.04(2) through (4) of this notice, the 5u of Country X QDMTT is allocated among CFC1, CFC2, and CFC3 in proportion to each person's QDMTT Allocation Key. The QDMTT Allocation Key for CFC1 (10u) and for CFC2 (2.5u) remain the same as in Example 1 because they have the same Separate QDMTT Income and Separate Pre-QDMTT Taxes as in Example 1. CFC3's QDMTT Allocation Key is treated as zero because its Separate QDMTT Income is less than zero. Accordingly, 4u of the Country X QDMTT (5u x (10u / 12.5u)) is allocated to CFC1, 1u of the Country X QDMTT (5u x (2.5u / 12.5u)) is allocated to CFC2, and none of the Country X QDMTT (5u x 0u / 12.5u) is allocated to CFC3.