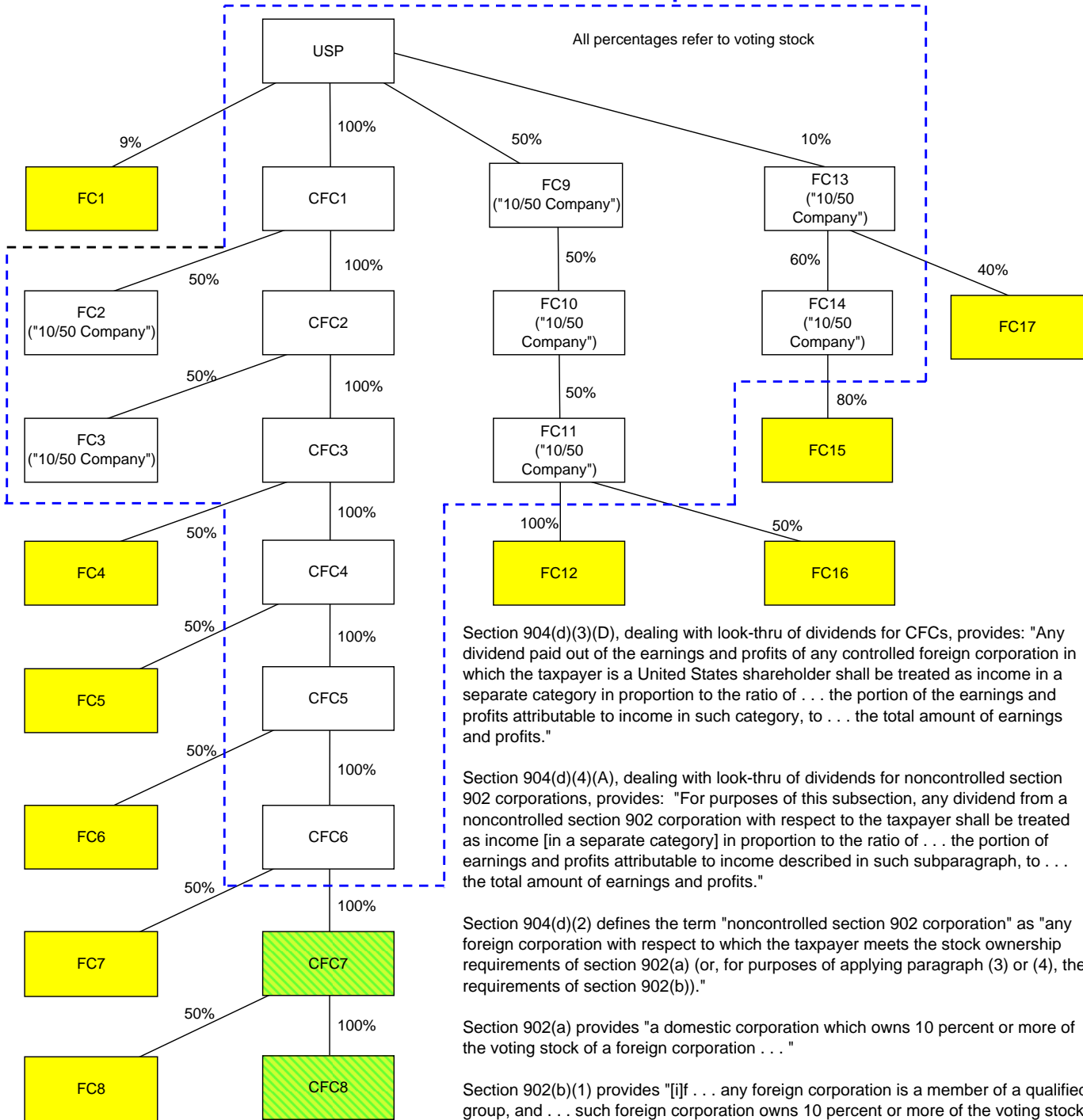


**Section 902 Deemed Paid Credits & Section 904(d) Look-Thru**

**Section 902(b)(2) Qualified Group**



Section 904(d)(3)(D), dealing with look-thru of dividends for CFCs, provides: "Any dividend paid out of the earnings and profits of any controlled foreign corporation in which the taxpayer is a United States shareholder shall be treated as income in a separate category in proportion to the ratio of . . . the portion of the earnings and profits attributable to income in such category, to . . . the total amount of earnings and profits."

Section 904(d)(4)(A), dealing with look-thru of dividends for noncontrolled section 902 corporations, provides: "For purposes of this subsection, any dividend from a noncontrolled section 902 corporation with respect to the taxpayer shall be treated as income [in a separate category] in proportion to the ratio of . . . the portion of earnings and profits attributable to income described in such subparagraph, to . . . the total amount of earnings and profits."

Section 904(d)(2) defines the term "noncontrolled section 902 corporation" as "any foreign corporation with respect to which the taxpayer meets the stock ownership requirements of section 902(a) (or, for purposes of applying paragraph (3) or (4), the requirements of section 902(b))."

Section 902(a) provides "a domestic corporation which owns 10 percent or more of the voting stock of a foreign corporation . . ."

Section 902(b)(1) provides "[i]f . . . any foreign corporation is a member of a qualified group, and . . . such foreign corporation owns 10 percent or more of the voting stock of another member of such group . . ."

Section 902(b)(2) provides "the term 'qualified group' means . . . the foreign corporation described in subsection (a), and . . . any other foreign corporation if . . . (i) the domestic corporation owns at least 5 percent of the voting stock of such other foreign corporation indirectly through a chain of foreign corporations connected through stock ownership of at least 10 percent of their voting stock, . . . (ii) the foreign corporation described in subsection (a) is the first tier corporation in such chain, and . . . (iii) such other corporation is not below the sixth tier in such chain. The term 'qualified group' shall not include any foreign corporation below the third tier in the chain referred to in clause (i) unless such foreign corporation is a controlled foreign corporation . . . and the domestic corporation is a United States shareholder . . . in such foreign corporation. . . ."

- Empty/white = Look-thru & credits
- Green = Look-thru but NO credits
- Yellow = NO look-thru & NO credits