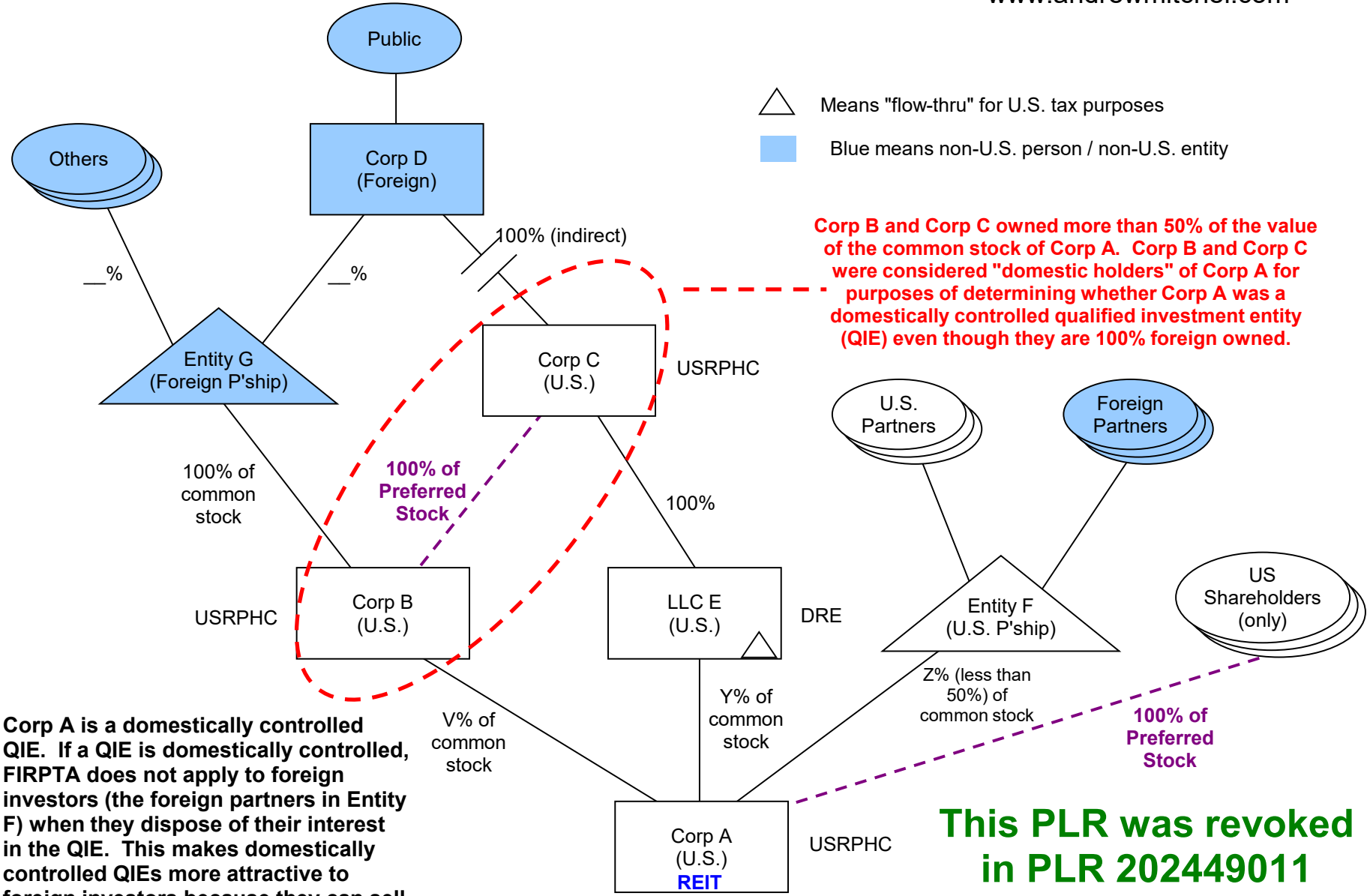


U.S. C Corp Shareholders Owned >50% of a Domestically-Controlled REIT



Corp B and Corp C owned more than 50% of the value of the common stock of Corp A. Corp B and Corp C were considered "domestic holders" of Corp A for purposes of determining whether Corp A was a domestically controlled qualified investment entity (QIE) even though they are 100% foreign owned.

Corp A is a domestically controlled QIE. If a QIE is domestically controlled, FIRPTA does not apply to foreign investors (the foreign partners in Entity F) when they dispose of their interest in the QIE. This makes domestically controlled QIEs more attractive to foreign investors because they can sell their shares without triggering FIRPTA's withholding or tax obligations.

A domestically-controlled QIE

This PLR was revoked in PLR 202449011
Now see Reg. 1.897-1(c)(3)(iii)(B)