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Proposed Regulations and the Pro Rata Share Rule for CFCs: Part I

When ownership of a foreign corporation changes, who picks up the tax bill?

Day Pitney New York Private Client Partner Carl Merino co-authored the first installment of an article for Trusts & Estates examining changes to how income from controlled foreign corporations (CFCs) is allocated to U.S. shareholders under the One Big Beautiful Bill Act and recently proposed regulations.

The article explains how the law ties income allocations more closely to shareholders' ownership periods and examines proposed regulations governing when a corporation must, or may elect to, close its tax year. It explores implications for mergers and acquisitions and cross-border estate planning, including how the new rules can impact post-mortem planning for U.S. heirs and beneficiaries of foreign succession structures.

Read the full article here.

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