

fective with respect to taxable years beginning after Dec. 31, 1977.

EFFECTIVE DATE OF REPEAL

Repeal applicable to transactions after Dec. 31, 2004, see section 101(c) of Pub. L. 108-357, set out as an Effective Date of 2004 Amendments note under section 56 of this title.

SUBPART F—CONTROLLED FOREIGN CORPORATIONS

Sec.	
951.	Amounts included in gross income of United States shareholders.
951A.	Global intangible low-taxed income included in gross income of United States shareholders.
952.	Subpart F income defined.
953.	Insurance income.
954.	Foreign base company income.
[955.	Repealed.]
956.	Investment of earnings in United States property.
[956A.	Repealed.]
957.	Controlled foreign corporations; United States persons.
958.	Rules for determining stock ownership.
959.	Exclusion from gross income of previously taxed earnings and profits.
960.	Deemed paid credit for subpart F inclusions.
961.	Adjustments to basis of stock in controlled foreign corporations and of other property.
962.	Election by individuals to be subject to tax at corporate rates.
[963.	Repealed.]
964.	Miscellaneous provisions.
965.	Treatment of deferred foreign income upon transition to participation exemption system of taxation.

AMENDMENTS

2017—Pub. L. 115-97, title I, §§14103(b), 14201(c), 14212(b)(6), 14301(c)(39), Dec. 22, 2017, 131 Stat. 2208, 2213, 2217, 2225, added item 951A, substituted “Deemed paid credit for subpart F inclusions” for “Special rules for foreign tax credit” in item 960 and “Treatment of deferred foreign income upon transition to participation exemption system of taxation” for “Temporary dividends received deduction” in item 965, and struck out item 955 “Withdrawal of previously excluded subpart F income from qualified investment”.

2004—Pub. L. 108-357, title IV, §422(c), Oct. 22, 2004, 118 Stat. 1519, added item 965.

1996—Pub. L. 104-188, title I, §1501(c), Aug. 20, 1996, 110 Stat. 1826, which directed that the analysis for subpart F be amended by striking item 956A, could not be executed, because item 956A “Earnings invested in excess passive assets” had been editorially supplied.

1986—Pub. L. 99-514, title XII, §1221(b)(3)(E), Oct. 22, 1986, 100 Stat. 2553, substituted “Insurance income” for “Income from insurance of United States risks” in item 953.

1975—Pub. L. 94-12, title VI, §602(a)(3)(A), (c)(7), (d)(3)(B), Mar. 29, 1975, 89 Stat. 58, 60, 64, struck out existing item 955 and replaced it with an identical item 955 and struck out item 963 “Receipt of minimum distributions by domestic corporations”.

1962—Pub. L. 87-834, §12(a), Oct. 16, 1962, 76 Stat. 1006, added heading of subpart F, and items 951-964.

**§ 951. Amounts included in gross income of United States shareholders**

**(a) Amounts included**

**(1) In general**

If a foreign corporation is a controlled foreign corporation at any time during any tax-

able year, every person who is a United States shareholder (as defined in subsection (b)) of such corporation and who owns (within the meaning of section 958(a)) stock in such corporation on the last day, in such year, on which such corporation is a controlled foreign corporation shall include in his gross income, for his taxable year in which or with which such taxable year of the corporation ends—

(A) his pro rata share (determined under paragraph (2)) of the corporation’s subpart F income for such year, and

(B) the amount determined under section 956 with respect to such shareholder for such year (but only to the extent not excluded from gross income under section 959(a)(2)).

**(2) Pro rata share of subpart F income**

The pro rata share referred to in paragraph (1)(A)(i) in the case of any United States shareholder is the amount—

(A) which would have been distributed with respect to the stock which such shareholder owns (within the meaning of section 958(a)) in such corporation if on the last day, in its taxable year, on which the corporation is a controlled foreign corporation it had distributed pro rata to its shareholders an amount (i) which bears the same ratio to its subpart F income for the taxable year, as (ii) the part of such year during which the corporation is a controlled foreign corporation bears to the entire year, reduced by

(B) the amount of distributions received by any other person during such year as a dividend with respect to such stock, but only to the extent of the dividend which would have been received if the distribution by the corporation had been the amount (i) which bears the same ratio to the subpart F income of such corporation for the taxable year, as (ii) the part of such year during which such shareholder did not own (within the meaning of section 958(a)) such stock bears to the entire year.

For purposes of subparagraph (B), any gain included in the gross income of any person as a dividend under section 1248 shall be treated as a distribution received by such person with respect to the stock involved.

**(b) United States shareholder defined**

For purposes of this title, the term “United States shareholder” means, with respect to any foreign corporation, a United States person (as defined in section 957(c)) who owns (within the meaning of section 958(a)), or is considered as owning by applying the rules of ownership of section 958(b), 10 percent or more of the total combined voting power of all classes of stock entitled to vote of such foreign corporation, or 10 percent or more of the total value of shares of all classes of stock of such foreign corporation.

**(c) Coordination with passive foreign investment company provisions**

If, but for this subsection, an amount would be included in the gross income of a United States shareholder for any taxable year both under subsection (a)(1)(A)(i) and under section 1293 (relating to current taxation of income from certain passive foreign investment companies), such