

[enacting this section and amending sections 931, 932, 934, 935, 957, and 6688 of this title] shall apply to taxable years ending after the date of the enactment of this Act [Oct. 22, 2004].

“(2) 183-DAY RULE.—Section 937(a)(1) of the Internal Revenue Code of 1986 (as added by this section) shall apply to taxable years beginning after the date of the enactment of this Act.

“(3) SOURCING.—Section 937(b)(2) of such Code (as so added) shall apply to income earned after the date of the enactment of this Act.”

[SUBPART E—REPEALED]

**[§§ 941 to 943. Repealed. Pub. L. 108-357, title I, § 101(b)(1), Oct. 22, 2004, 118 Stat. 1423]**

Section 941, added Pub. L. 106-519, §3(b), Nov. 15, 2000, 114 Stat. 2424, related to qualifying foreign trade income.

A prior section 941, acts Aug. 16, 1954, ch. 736, 68A Stat. 293; Oct. 4, 1976, Pub. L. 94-455, title X, §1053(a), title XIX, §1906(b)(1)(A), 90 Stat. 1648, 1834, set forth provisions authorizing special deduction for China Trade Act corporations, prior to repeal by Pub. L. 94-455, title X, §1053(c), (e), Oct. 4, 1976, 90 Stat. 1649, effective with respect to taxable years beginning after Dec. 31, 1977.

Section 942, added Pub. L. 106-519, §3(b), Nov. 15, 2000, 114 Stat. 2426, defined “foreign trading gross receipts” and set forth economic process requirements.

A prior section 942, act Aug. 16, 1954, ch. 736, 68A Stat. 294, disallowed foreign tax credit authorized by section 901 to any corporation organized under the China Trade Act, prior to repeal by Pub. L. 94-455, title X, §1053(c), (e), Oct. 4, 1976, 90 Stat. 1649, effective with respect to taxable years beginning after Dec. 31, 1977.

Section 943, added Pub. L. 106-519, §3(b), Nov. 15, 2000, 114 Stat. 2428; amended Pub. L. 107-147, title IV, §417(14), Mar. 9, 2002, 116 Stat. 56, set forth other definitions and special rules for purposes of this subpart.

A prior section 943, acts Aug. 16, 1954, ch. 736, 68A Stat. 294; Oct. 4, 1976, Pub. L. 94-455, title X, §1053(b), 90 Stat. 1648, set forth provisions relating to exclusion from gross income of residents of Formosa or Hong Kong of amounts distributed as dividends by China Trade Act corporations, prior to repeal by Pub. L. 94-455, title X, §1053(c), (e), Oct. 4, 1976, 90 Stat. 1649, effective 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

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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 taxable 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 amount shall be included in the gross income of such shareholder only under subsection (a)(1)(A).

(Added Pub. L. 87-834, §12(a), Oct. 16, 1962, 76 Stat. 1006; amended Pub. L. 94-12, title VI, §602(a)(3)(B), (c)(3), (4), (d)(2), Mar. 29, 1975, 89 Stat. 58, 62; Pub. L. 94-455, title XIX, §1901(a)(119), Oct. 4, 1976, 90 Stat. 1784; Pub. L. 98-369, div. A, title I, §132(c)(1), title VIII, §801(d)(4), July 18, 1984, 98 Stat. 666, 996; Pub. L. 99-514, title XII, §1235(c), title XVIII, §1876(c)(2), Oct. 22, 1986, 100 Stat. 2574, 2898; Pub. L. 100-647, title I, §1012(i)(15), Nov. 10, 1988, 102 Stat. 3510; Pub. L. 103-66, title XIII, §§13231(a), 13232(c), Aug. 10, 1993, 107 Stat. 495, 502; Pub. L. 104-188, title I, §1501(a)(1), Aug. 20, 1996, 110 Stat. 1825; Pub. L. 105-34, title XI, §1112(a)(1), Aug. 5, 1997, 111 Stat. 969; Pub. L. 108-357, title IV, §413(c)(16), Oct. 22, 2004, 118 Stat. 1508; Pub. L. 110-172, §11(g)(13), Dec. 29, 2007, 121 Stat. 2490; Pub. L. 115-97, title I, §§14101(e)(1), 14212(b)(1)(A), (2), 14214(a), 14215(a), Dec. 22, 2017, 131 Stat. 2192, 2217, 2218.)

AMENDMENTS

2017—Subsec. (a)(1). Pub. L. 115-97, §14215(a), substituted “at any time” for “for an uninterrupted period of 30 days or more” in introductory provisions.

Subsec. (a)(1)(A). Pub. L. 115-97, §14212(b)(1)(A), amended subpar. (A) generally. Prior to amendment, subpar. (A) read as follows: “the sum of—

“(i) his pro rata share (determined under paragraph (2)) of the corporation’s subpart F income for such year.

“(ii) his pro rata share (determined under section 955(a)(3) as in effect before the enactment of the Tax Reduction Act of 1975) of the corporation’s previously excluded subpart F income withdrawn from investment in less developed countries for such year, and

“(iii) his pro rata share (determined under section 955(a)(3)) of the corporation’s previously excluded subpart F income withdrawn from foreign base company shipping operations for such year; and”.

Subsec. (a)(3). Pub. L. 115-97, §14212(b)(2), struck out par. (3). Text read as follows: “For purposes of paragraph (1)(A)(iii), the pro rata share of any United States shareholder of the previously excluded subpart F income of a controlled foreign corporation withdrawn from investment in foreign base company shipping operations shall not exceed an amount—

“(A) which bears the same ratio to his pro rata share of such income withdrawn (as determined under section 955(a)(3)) for the taxable year, as

“(B) the part of such year during which the corporation is a controlled foreign corporation bears to the entire year.”

Subsec. (b). Pub. L. 115-97, §14214(a), inserted “, or 10 percent or more of the total value of shares of all classes of stock of such foreign corporation” after “such foreign corporation”.

Pub. L. 115-97, §14101(e)(1), substituted “title” for “subpart”.

2007—Subsecs. (c), (d). Pub. L. 110-172 redesignated subsec. (d) as (c) and struck out heading and text of former subsec. (c). Text read as follows:

“(1) IN GENERAL.—The foreign trade income of a FSC and any deductions which are apportioned or allocated to such income shall not be taken into account under this subpart.

“(2) FOREIGN TRADE INCOME.—For purposes of this subsection, the term ‘foreign trade income’ has the meaning given such term by section 923(b), but does not include section 923(a)(2) non-exempt income (within the meaning of section 927(d)(6)).”

2004—Subsecs. (c) to (f). Pub. L. 108-357 redesignated subsecs. (e) and (f) as (c) and (d), respectively, and struck out former subsecs. (c) and (d), which related to coordination of provisions with election of a foreign investment company to distribute income and coordination with foreign personal holding company provisions, respectively.

1997—Subsec. (a)(2). Pub. L. 105-34 inserted concluding provisions “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.”

1996—Subsec. (a)(1)(A) to (C). Pub. L. 104-188 inserted “and” at end of subpar. (A), substituted period for “; and” at end of subpar. (B), and struck out subpar. (C) which read as follows: “the amount determined under section 956A with respect to such shareholder for such year (but only to the extent not excluded from gross income under section 959(a)(3)).”

1993—Subsec. (a)(1)(B). Pub. L. 103-66, §13232(c)(1), substituted “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)); and” for “his pro rata share (determined under section 956(a)(2)) of the corporation’s increase in earnings invested in United States property for such year (but only to the extent not excluded from gross income under section 959(a)(2)); and”.

Subsec. (a)(1)(C). Pub. L. 103-66, §13231(a), added subpar. (C).

Subsec. (a)(4). Pub. L. 103-66, §13232(c)(2), struck out heading and text of par. (4). Text read as follows: “For purposes of paragraph (1)(B), the pro rata share of any United States shareholder in the increase of the earnings of a controlled foreign corporation invested in United States property shall not exceed an amount (A)

which bears the same ratio to his pro rata share of such increase (as determined under section 956(a)(2)) for the taxable year, as (B) the part of such year during which the corporation is a controlled foreign corporation bears to the entire year.”

1988—Subsec. (b). Pub. L. 100-647 substituted “section 957(c)” for “section 957(d)”.

1986—Subsec. (e)(1). Pub. L. 99-514, § 1876(c)(2), struck out last sentence which read as follows: “For purposes of the preceding sentence, income described in paragraph (2) or (3) of section 921(d) shall be treated as derived from sources within the United States.”

Subsec. (f). Pub. L. 99-514, § 1235(c), added subsec. (f).

1984—Subsec. (d). Pub. L. 98-369, § 132(c)(1), amended subsec. (d) generally, substituting provision that, if a United States shareholder is required to include in gross income an amount under both subsec. (a)(1)(A)(ii) of this section and section 551(b) of this title, such amount be included only under subsec. (a)(1)(A)(ii) of this section for provision that, if a United States shareholder is subject to tax under section 551(b) of this title, such shareholder not be required to include as gross income any amount under subsec. (a) of this section.

Subsec. (e). Pub. L. 98-369, § 801(d)(4), added subsec. (e).

1976—Subsec. (a)(1). Pub. L. 94-455 struck out “beginning after December 31, 1962” after “during any taxable year”.

1975—Subsec. (a)(1)(A)(i). Pub. L. 94-12, § 602(a)(3)(B), struck out “except as provided in section 963,” before “his pro rata share”.

Subsec. (a)(1)(A)(ii). Pub. L. 94-12, § 602(c)(3), substituted “(determined under section 955(a)(3) as in effect before the enactment of the Tax Reduction Act of 1975)” for “(determined under section 955(a)(3))”.

Subsec. (a)(1)(A)(iii). Pub. L. 94-12, § 602(d)(2)(A), added cl. (iii).

Subsec. (a)(3). Pub. L. 94-12, § 602(c)(4), (d)(2)(B), substituted “paragraph (i)(A)(iii)” for “paragraph (1)(A)(ii)” and “foreign base company shipping operations” for “less developed countries”.

#### EFFECTIVE DATE OF 2017 AMENDMENT

Amendment by section 14101(e)(1) of Pub. L. 115-97 applicable to distributions made after Dec. 31, 2017, see section 14101(f) of Pub. L. 115-97, set out as an Effective Date note under section 245A of this title.

Amendment by section 14212(b)(1)(A), (2) of Pub. L. 115-97 applicable to taxable years of foreign corporations beginning after Dec. 31, 2017, and to taxable years of United States shareholders in which or with which such taxable years of foreign corporations end, see section 14212(c) of Pub. L. 115-97, set out as a note under section 851 of this title.

Pub. L. 115-97, title I, § 14214(b), Dec. 22, 2017, 131 Stat. 2218, provided that: “The amendment made by this section [amending this section] shall apply to taxable years of foreign corporations beginning after December 31, 2017, and to taxable years of United States shareholders with or within which such taxable years of foreign corporations end.”

Pub. L. 115-97, title I, § 14215(b), Dec. 22, 2017, 131 Stat. 2218, provided that: “The amendment made by this section [amending this section] shall apply to taxable years of foreign corporations beginning after December 31, 2017, and to taxable years of United States shareholders with or within which such taxable years of foreign corporations end.”

#### EFFECTIVE DATE OF 2004 AMENDMENT

Amendment by Pub. L. 108-357 applicable to taxable years of foreign corporations beginning after Dec. 31, 2004, and to taxable years of United States shareholders with or within which such taxable years of foreign corporations end, see section 413(d)(1) of Pub. L. 108-357, set out as an Effective and Termination Dates of 2004 Amendments note under section 1 of this title.

#### EFFECTIVE DATE OF 1997 AMENDMENT

Pub. L. 105-34, title XI, § 1112(a)(2), Aug. 5, 1997, 111 Stat. 969, provided that: “The amendment made by

paragraph (1) [amending this section] shall apply to dispositions after the date of the enactment of this Act [Aug. 5, 1997].”

#### EFFECTIVE DATE OF 1996 AMENDMENT

Amendment by Pub. L. 104-188 applicable to taxable years of foreign corporations beginning after Dec. 31, 1996, and to taxable years of United States shareholders within which or with which such taxable years of foreign corporations end, see section 1501(d) of Pub. L. 104-188, set out as a note under section 904 of this title.

#### EFFECTIVE DATE OF 1993 AMENDMENT

Pub. L. 103-66, title XIII, § 13231(e), Aug. 10, 1993, 107 Stat. 501, provided that: “The amendments made by this section [enacting section 956A of this title and amending this section and sections 959, 989, 1293, 1296, and 1297 of this title] shall apply to taxable years of foreign corporations beginning after September 30, 1993, and to taxable years of United States shareholders in which or with which such taxable years of foreign corporations end.”

Pub. L. 103-66, title XIII, § 13232(d), Aug. 10, 1993, 107 Stat. 502, provided that: “The amendments made by this section [amending this section and section 956 of this title] shall apply to taxable years of controlled foreign corporations beginning after September 30, 1993, and to taxable years of United States shareholders in which or with which such taxable years of controlled foreign corporations end.”

#### EFFECTIVE DATE OF 1988 AMENDMENT

Amendment by Pub. L. 100-647 effective, except as otherwise provided, as if included in the provision of the Tax Reform Act of 1986, Pub. L. 99-514, to which such amendment relates, see section 1019(a) of Pub. L. 100-647, set out as a note under section 1 of this title.

#### EFFECTIVE DATE OF 1986 AMENDMENT

Amendment by section 1235(c) of Pub. L. 99-514 applicable to taxable years of foreign corporations beginning after Dec. 31, 1986, see section 1235(h) of Pub. L. 99-514, set out as an Effective Date note under section 1291 of this title.

Amendment by section 1876(c)(2) of Pub. L. 99-514 effective, except as otherwise provided, as if included in the provisions of the Tax Reform Act of 1984, Pub. L. 98-369, div. A, to which such amendment relates, see section 1881 of Pub. L. 99-514, set out as a note under section 48 of this title.

#### EFFECTIVE DATE OF 1984 AMENDMENT

Pub. L. 98-369, div. A, title I, § 132(d)(2)(A), July 18, 1984, 98 Stat. 667, provided that: “The amendment made by paragraph (1) of subsection (c) [amending this section] shall apply to taxable years of United States shareholders beginning after the date of the enactment of this Act [July 18, 1984].”

Amendment by section 801(d)(4) of Pub. L. 98-369 applicable to transactions after Dec. 31, 1984, in taxable years ending after such date, see section 805(a)(1) of Pub. L. 98-369, as amended, set out as a note under section 245 of this title.

#### EFFECTIVE DATE OF 1975 AMENDMENT

Amendment by Pub. L. 94-12 applicable to taxable years of foreign corporations beginning after Dec. 31, 1975, and to taxable years of United States shareholders (within the meaning of 951(b) of this title) within which or with which such taxable years of such foreign corporations end, see section 602(f) of Pub. L. 94-12, set out as a note under section 954 of this title.

#### EFFECTIVE DATE

Pub. L. 87-834, § 12(c), Oct. 16, 1962, 76 Stat. 1031, provided that: “The amendments made by this section [enacting this section and sections 952 to 964 and 970 to 972 of this title and amending sections 901, 904, and 1016 of

this title] shall apply with respect to taxable years of foreign corporations beginning after December 31, 1962, and to taxable year of United States shareholders with- in which or with which such taxable years of such for- eign corporations end.”

PLAN AMENDMENTS NOT REQUIRED UNTIL  
JANUARY 1, 1989

For provisions directing that if any amendments made by subtitle A or subtitle C of title XI [§§ 1101–1147 and 1171–1177] or title XVIII [§§ 1800–1899A] of Pub. L. 99–514 require an amendment to any plan, such plan amendment shall not be required to be made before the first plan year beginning on or after Jan. 1, 1989, see section 1140 of Pub. L. 99–514, as amended, set out as a note under section 401 of this title.

**§ 951A. Global intangible low-taxed income in- cluded in gross income of United States shareholders**

**(a) In general**

Each person who is a United States share- holder of any controlled foreign corporation for any taxable year of such United States share- holder shall include in gross income such share- holder’s global intangible low-taxed income for such taxable year.

**(b) Global intangible low-taxed income**

For purposes of this section—

**(1) In general**

The term “global intangible low-taxed in- come” means, with respect to any United States shareholder for any taxable year of such United States shareholder, the excess (if any) of—

(A) such shareholder’s net CFC tested in- come for such taxable year, over

(B) such shareholder’s net deemed tangible income return for such taxable year.

**(2) Net deemed tangible income return**

The term “net deemed tangible income re- turn” means, with respect to any United States shareholder for any taxable year, the excess of—

(A) 10 percent of the aggregate of such shareholder’s pro rata share of the qualified business asset investment of each controlled foreign corporation with respect to which such shareholder is a United States share- holder for such taxable year (determined for each taxable year of each such controlled foreign corporation which ends in or with such taxable year of such United States shareholder), over

(B) the amount of interest expense taken into account under subsection (c)(2)(A)(ii) in determining the shareholder’s net CFC test- ed income for the taxable year to the extent the interest income attributable to such ex- pense is not taken into account in deter- mining such shareholder’s net CFC tested in- come.

**(c) Net CFC tested income**

For purposes of this section—

**(1) In general**

The term “net CFC tested income” means, with respect to any United States shareholder for any taxable year of such United States shareholder, the excess (if any) of—

(A) the aggregate of such shareholder’s pro rata share of the tested income of each con- trolled foreign corporation with respect to which such shareholder is a United States shareholder for such taxable year of such United States shareholder (determined for each taxable year of such controlled foreign corporation which ends in or with such tax- able year of such United States shareholder), over

(B) the aggregate of such shareholder’s pro rata share of the tested loss of each con- trolled foreign corporation with respect to which such shareholder is a United States shareholder for such taxable year of such United States shareholder (determined for each taxable year of such controlled foreign corporation which ends in or with such tax- able year of such United States shareholder).

**(2) Tested income; tested loss**

For purposes of this section—

**(A) Tested income**

The term “tested income” means, with re- spect to any controlled foreign corporation for any taxable year of such controlled for- eign corporation, the excess (if any) of—

(i) the gross income of such corporation determined without regard to—

(I) any item of income described in sec- tion 952(b),

(II) any gross income taken into ac- count in determining the subpart F in- come of such corporation,

(III) any gross income excluded from the foreign base company income (as de- fined in section 954) and the insurance income (as defined in section 953) of such corporation by reason of section 954(b)(4),

(IV) any dividend received from a re- lated person (as defined in section 954(d)(3)), and

(V) any foreign oil and gas extraction income (as defined in section 907(c)(1)) of such corporation, over

(ii) the deductions (including taxes) properly allocable to such gross income under rules similar to the rules of section 954(b)(5) (or to which such deductions would be allocable if there were such gross income).

**(B) Tested loss**

**(i) In general**

The term “tested loss” means, with re- spect to any controlled foreign corporation for any taxable year of such controlled for- eign corporation, the excess (if any) of the amount described in subparagraph (A)(ii) over the amount described in subparagraph (A)(i).

**(ii) Coordination with subpart F to deny double benefit of losses**

Section 952(c)(1)(A) shall be applied by increasing the earnings and profits of the controlled foreign corporation by the test- ed loss of such corporation.

**(d) Qualified business asset investment**

For purposes of this section—