

this title] shall apply to taxable years of foreign corporations beginning after December 31, 1975, and to taxable years of United States shareholders (within the meaning of section 951(b) of the Internal Revenue Code of 1986 [formerly I.R.C. 1954]) within which or with which such taxable years of such foreign corporations end. In determining for purposes of any taxable year referred to in the preceding sentence the amount referred to in section 956(a)(2)(A) of the Internal Revenue Code of 1986 for the last taxable year of a corporation beginning before January 1, 1976, the amendments made by this section shall be deemed also to apply to such last taxable year.”

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.

**[§ 956A. Repealed. Pub. L. 104–188, title I, § 1501(a)(2), Aug. 20, 1996, 110 Stat. 1825]**

Section, added Pub. L. 103–66, title XIII, § 13231(b), Aug. 10, 1993, 107 Stat. 496; amended Pub. L. 104–188, title I, § 1703(i)(2), (3), Aug. 20, 1996, 110 Stat. 1876, related to earnings invested in excess passive assets.

EFFECTIVE DATE OF REPEAL

Repeal 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 an Effective Date of 1996 Amendment note under section 904 of this title.

**§ 957. Controlled foreign corporations; United States persons**

**(a) General rule**

For purposes of this title, the term “controlled foreign corporation” means any foreign corporation if more than 50 percent of—

- (1) the total combined voting power of all classes of stock of such corporation entitled to vote, or
- (2) the total value of the stock of such corporation,

is owned (within the meaning of section 958(a)), or is considered as owned by applying the rules of ownership of section 958(b), by United States shareholders on any day during the taxable year of such foreign corporation.

**(b) Special rule for insurance**

For purposes only of taking into account income described in section 953(a) (relating to insurance income), the term “controlled foreign corporation” includes not only a foreign corporation as defined by subsection (a) but also one of which more than 25 percent of the total combined voting power of all classes of stock (or more than 25 percent of the total value of stock) is owned (within the meaning of section 958(a)), or is considered as owned by applying the rules of ownership of section 958(b), by United States shareholders on any day during the taxable year of such corporation, if the gross amount of premiums or other consideration in respect of the

reinsurance or the issuing of insurance or annuity contracts not described in section 953(e)(2) exceeds 75 percent of the gross amount of all premiums or other consideration in respect of all risks.

**(c) United States person**

For purposes of this subpart, the term “United States person” has the meaning assigned to it by section 7701(a)(30) except that—

(1) with respect to a corporation organized under the laws of the Commonwealth of Puerto Rico, such term does not include an individual who is a bona fide resident of Puerto Rico, if a dividend received by such individual during the taxable year from such corporation would, for purposes of section 933(1), be treated as income derived from sources within Puerto Rico, and

(2) with respect to a corporation organized under the laws of Guam, American Samoa, or the Northern Mariana Islands—

(A) 80 percent or more of the gross income of which for the 3-year period ending at the close of the taxable year (or for such part of such period as such corporation or any predecessor has been in existence) was derived from sources within such a possession or was effectively connected with the conduct of a trade or business in such a possession, and

(B) 50 percent or more of the gross income of which for such period (or part) was derived from the active conduct of a trade or business within such a possession,

such term does not include an individual who is a bona fide resident of Guam, American Samoa, or the Northern Mariana Islands.

For purposes of subparagraphs (A) and (B) of paragraph (2), the determination as to whether income was derived from the active conduct of a trade or business within a possession shall be made under regulations prescribed by the Secretary.

(Added Pub. L. 87–834, § 12(a), Oct. 16, 1962, 76 Stat. 1017; amended Pub. L. 94–455, title XIX, § 1906(b)(13)(A), Oct. 4, 1976, 90 Stat. 1834; Pub. L. 99–514, title XII, §§ 1221(b)(3)(C), 1222(a), 1224(a), 1273(a), Oct. 22, 1986, 100 Stat. 2553, 2556, 2558, 2595; Pub. L. 108–357, title VIII, § 908(c)(5), Oct. 22, 2004, 118 Stat. 1656; Pub. L. 115–97, title I, § 14101(e)(2), Dec. 22, 2017, 131 Stat. 2192; Pub. L. 115–141, div. U, title IV, § 401(a)(164), Mar. 23, 2018, 132 Stat. 1192.)

AMENDMENTS

2018—Subsec. (b). Pub. L. 115–141 substituted “contracts not described in section 953(e)(2)” for “contracts described in section 953(a)(1)”.

2017—Subsec. (a). Pub. L. 115–97 substituted “title” for “subpart” in introductory provisions.

2004—Subsec. (c). Pub. L. 108–357, § 908(c)(5)(B), struck out “derived from sources within a possession, was effectively connected with the conduct of a trade or business within a possession, or” after “whether income was” in concluding provisions.

Subsec. (c)(2)(B). Pub. L. 108–357, § 908(c)(5)(A), substituted “active conduct of a” for “conduct of an active”.

1986—Subsec. (a). Pub. L. 99–514, § 1222(a)(1), amended subsec. (a) generally. Prior to amendment, subsec. (a) read as follows: “For purposes of this subpart, the term ‘controlled foreign corporation’ means any foreign cor-