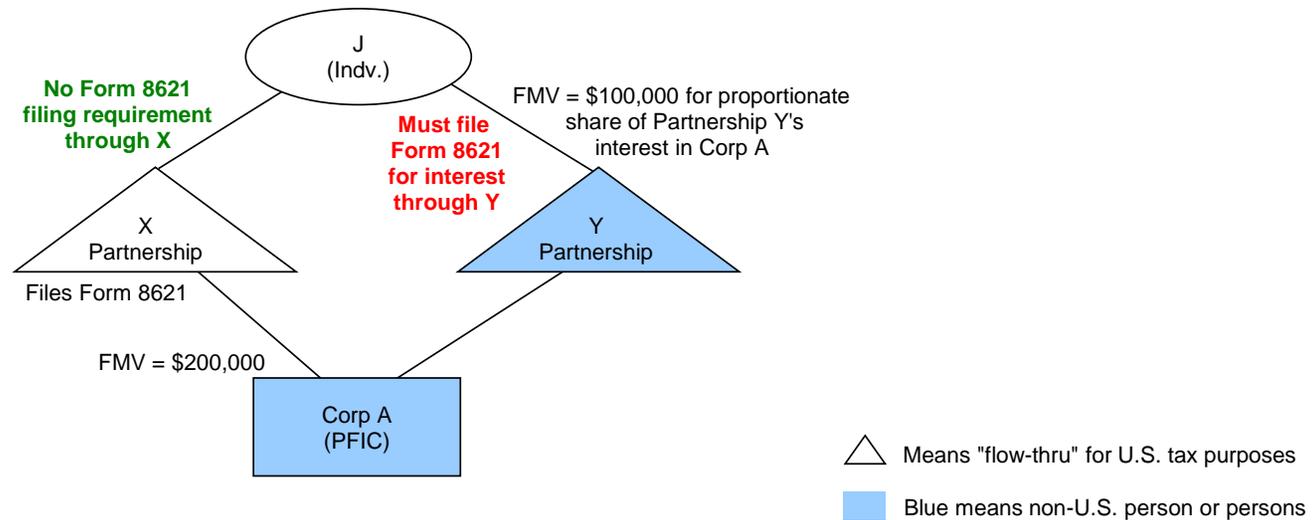


Treasury Regulation 1.1298-1T(g) Example 1

Form 8621: PFIC Annual Filing Requirement Through Partnerships

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In 2013, J, a United States citizen, directly owns an interest in Partnership X, a domestic partnership, which, in turn, owns an interest in Corp A, which is a passive foreign investment company ("PFIC"). In addition, J directly owns an interest in Partnership Y, a foreign partnership, which, in turn, owns an interest in Corp A. Neither J nor Partnership X has made a qualified electing fund election under section 1295 or a mark to market election under Code §1296 with respect to Corp A. As of the last day of 2013, the value of Partnership X's interest in Corp A is \$200,000, and the value of J's proportionate share of Partnership Y's interest in Corp A is \$100,000. During 2013, J is not treated as receiving an excess distribution or recognizing gain treated as an excess distribution with respect to Corp A. Partnership X timely files a Form 8621 under Code §1298(f) and Treas. Reg. §1.1298-1T(b)(1) with respect to Corp A for 2013.

J is the first United States person in the chain of ownership with respect to J's interest in Corp A held through Partnership Y. Under Treas. Reg. §1.1298-1T(b)(1), J must file a Form 8621 under Code §1298(f) with respect to J's interest in Corp A held through Partnership Y because J is an indirect shareholder of Corp A under Treas. Reg. §1.1291-1T(b)(8) that holds PFIC stock through a foreign entity (Partnership Y), and there are no other United States persons in the chain of ownership. The fact that Partnership X filed a Form 8621 with respect to Corp A does not relieve J of the obligation under Treas. Reg. §1.1298-1T(b)(1) to file a Form 8621 with respect to J's interest in A Corp held through Partnership Y.

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