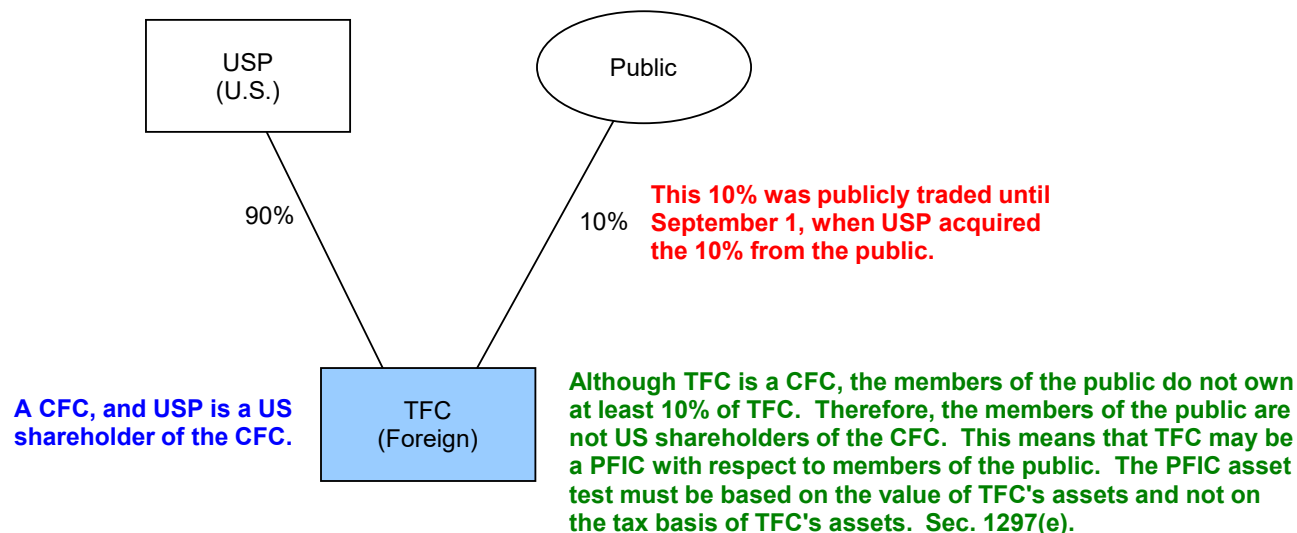


**Prop. Reg. 1.1297-1
(d)(1)(v)(B), Example**

**CFC That Was Publicly Traded
Must Use Value For PFIC Asset Test**

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TFC is a controlled foreign corporation, 90% of the stock of which is wholly owned by USP at the beginning of its taxable year ending December 31 and throughout the year. The remaining 10% of its stock has historically been regularly traded on a national securities exchange that is registered with the Securities and Exchange Commission and continues to be until September 1 of the taxable year, when USP acquires all of it pursuant to a tender offer.

Because TFC was publicly traded on the majority of days during the year, the assets of the foreign corporation must be measured for all measuring periods of the taxable year on the basis of value.

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