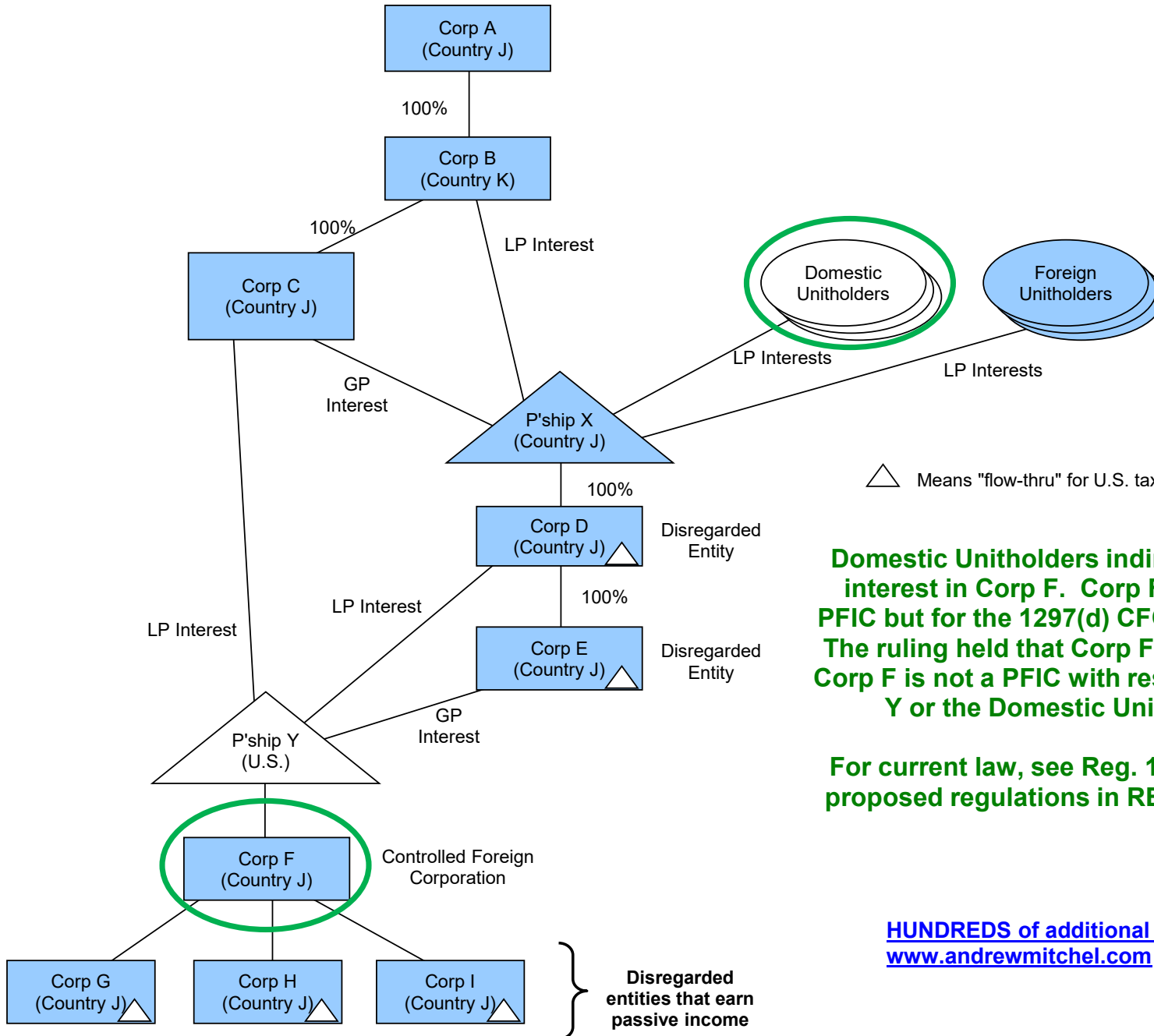


**CFC Overlap Rule Prevented
PFIC Classification**



Domestic Unitholders indirectly own an interest in Corp F. Corp F would be a PFIC but for the 1297(d) CFC overlap rule. The ruling held that Corp F is a CFC, and Corp F is not a PFIC with respect to P'ship Y or the Domestic Unitholders.

For current law, see Reg. 1.958-1(d) and proposed regulations in REG-118250-20.

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Disregarded entities that earn passive income