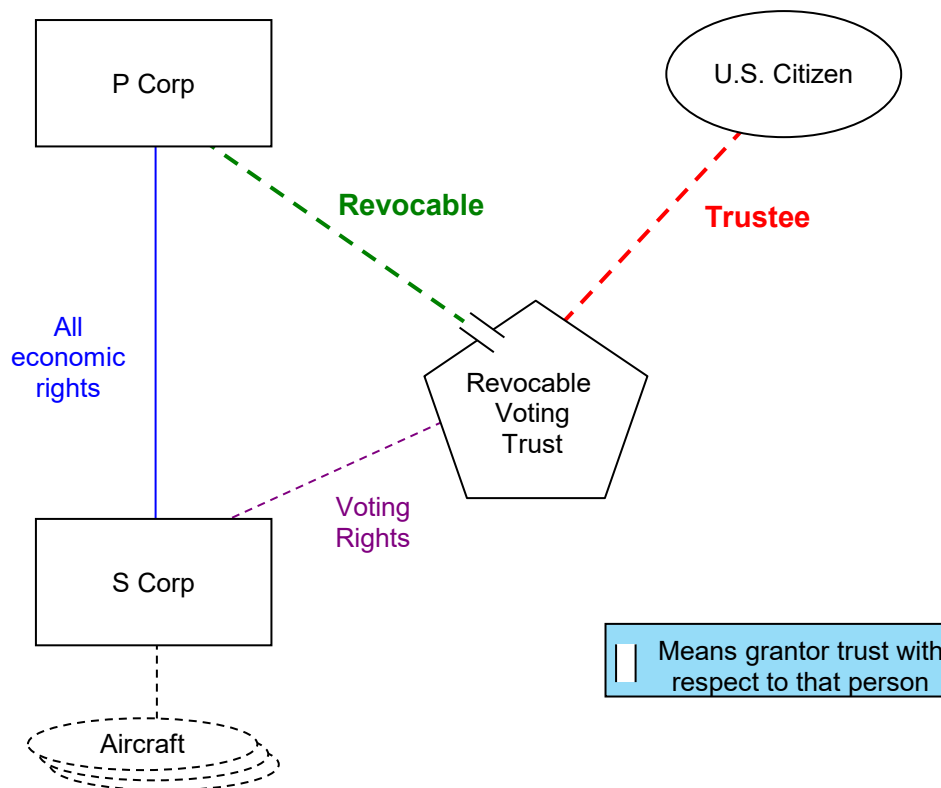


Revenue Ruling 84-79

Shares Owned "Directly" Through Voting Trust

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P, a domestic corporation, owns all the outstanding stock of S corporation. S owns certain aircraft. Under Federal Aviation Administration (FAA) regulations, 75% of the voting interest of a corporation wishing to register its aircraft with the FAA must be owned or controlled by U.S. citizens. P does not qualify as a U.S. citizen. As a result, P transferred all of its S stock to a revocable voting trust to enable S to register its aircraft with the FAA.



The direct ownership requirement of section 1504(a) is interpreted to mean beneficial ownership. P "directly" owns all of the stock of S within the meaning of section 1504(a), notwithstanding the transfer of all of the S stock to a revocable voting trust. See also Rev. Rul. 70-469 and *Miami National Bank v. Commr.*, 67 T.C. 793 (1977).

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