

Tax Consequences to U.S. Shareholders of Holding Shares in a Passive Foreign Investment Company or PFIC

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by John D. Hollinrake, Jr.

If a non-U.S. corporation (the “Company”) is a “passive foreign investment company” or “PFIC” for any tax year during which a U.S. shareholder owns shares in the Company, certain adverse U.S. federal income tax consequences of the acquisition, ownership, and disposition of shares will generally apply to such U.S. shareholder.

A U.S. shareholder will be subject to the rules of Section 1291 of the Internal Revenue Code (described below) with respect to (a) any gain recognized on the sale or other taxable disposition of shares and (b) any “excess distribution” received on the shares. A distribution generally will be an “excess distribution” to the extent that such distribution (together with all other distributions received in the current tax year) exceeds 125% of the average distributions received during the three preceding tax years (or during a U.S. shareholder’s holding period for the shares, if shorter).

Under Section 1291 of the Code, any gain recognized on the sale or other taxable disposition of shares, and any “excess distribution” received on shares, must be ratably allocated to each day in a U.S. shareholder’s holding period for the respective shares. The amount of any such gain or excess distribution allocated to the tax year of disposition or distribution of the excess distribution and to years before the entity became a PFIC, if any, would be taxed as ordinary income (and not eligible for certain preferred rates applicable to capital gains). The amounts allocated to any other tax year would be subject to U.S. federal income tax at the highest tax rate applicable to ordinary income in each such year, and an interest charge would be imposed on the tax liability for each such year, calculated as if such tax liability had been due in each such year. A U.S. shareholder that is not a corporation must treat any such interest paid as “personal interest,” which is not deductible.

For a U.S. shareholder who is an individual that invests in stock of a corporation and holds such stock for more than 12 months, any gain on the sale of such stock is generally subject to a 20% tax rate applicable to long-term capital gains. However, if the stock held is stock in a PFIC, any gain on the sale or other disposition of such PFIC

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stock is generally taxed at the highest ordinary income tax rate of 39.6%, plus the applicable interest charge, which is not deductible. In addition, in most cases, a Medicare tax of 3.8% on investment income will apply to certain individuals, estates and trusts.

Certain elections may be available to U.S. shareholders in certain situations to mitigate such adverse tax consequences.