**TABLE OF CONTENTS TO FINAL AND TEMPORARY REGULATIONS ON INVERSIONS,**

**ISSUED APRIL 4, 2016**

**WITH REFERENCES TO SAM THOMPSON’S GUIDE TO THE REGULATIONS**

**DRAFT APRIL 26, 2016**

|  |  |  |  |
| --- | --- | --- | --- |
| **ITEM** | **PAGE OF THE** **PREAMBLE** **AND REGS** | **SECTION OF THE REGS AND SECTION OF SAM’S GUIDE ADDRESSING THE PARTICULAR SECTION OF THE REGS** | **COMMENT** |
| BACKGROUND | 2 |  |  |
| I Overview | 2 |  |  |
|  II Statutory and Regulatory Background | 6 |  |  |
| EXPLANATION OF PROVISIONS |  |  |  |
|  I Regulations Addressing Certain Transactions that are Structured to Avoid the Purposes of Section 7874 | 16 |  |  |
|  A Multiple-step acquisitions of property of a domestic entity | 16; 153 | MULTIPLE-STEP ACQUISITION OF PROPERTY OF A DOMESTIC ENTITY, § 1.7874-2T(c)(4); SECTION II.C OF GUIDE |  |
|  B. Calculation of the Ownership Percentage | 21 |  |  |
| 1. Clarification of 1.7874-4T
 | 21; 159 | CLARIFICATION OF THE CALCULATION OF THE OWNERSHIP PERCENTAGE: IMPLEMENTING THE ANTI-STUFFING PROVISIONS OF THE 2015 NOTICE, SECTION 1.7874-4T; SECTION II.D OF GUIDE  |  |
| 1. Passive Asset Rule
 | 23; 170 | CALCULATION OF THE OWNERSHIP PERCENTAGE: THE PASSIVE ASSET RULE, WHICH IS THE ANTI-CASH BOX RULE OF THE 2014 NOTICE, SECTION 1.7874-7T; SECTION II.E OF GUIDE |  |
| 1. Acquisition of Multiple Entities
 | 31; 177 | CALCULATION OF THE OWNERSHIP PERCENTAGE: THE ACQUISITION OF MULTIPLE DOMESTIC ENTITIES RULE, SECTION 1.7874-8T |  |
| 1. The Third Country Rule
 | 37; 184 | CALCULATION OF THE OWNERSHIP PERCENTAGE: THE THIRD COUNTRY RULE, SECTION 1.7874-9T |  |
| 1. The NOCD Rule
 | 39; 190 | CALCULATION OF THE OWNERSHIP PERCENTAGE: THE NON-ORDINARY COURSE DISTRIBUTIONS (NOCD) RULE, SECTION 1.7874-10T; SECTION II.F OF GUIDE |  |
|  C Subsequent transfers of stock of the foreign acquiring corporation and the EAG rules | 56 |  |  |
| 1. In General
 | 57 |  |  |
| 1. Rule re EAG when Related Transfer of stock of FAC
 | 58 |  |  |
| 1. Regs Implementing the Rule
 | 60; 162 | APPLICATION OF THE EAG RULES WHEN THERE IS A RELATED TRANSFER OF STOCK OF THE FOREIGN ACQUIRING CORPORATION, SECTION 1.7874-6T; SECTION II.I OF GUIDE |  |
|  D. The SBA Test | 63 |  |  |
| 1. The Subject to Tax Rule
 | 63, 157 | THE SUBSTANTIAL BUSINESS ACTIVITIES TEST, THE SUBJECT TO TAX RULE, SECTION §1.7874-3T(b)(4); SECTION II.J OF GUIDE  |  |
| 1. Clarification of “Group Income”
 | 64; 156  | CLARIFICATION OF GROUP INCOME FOR PURPOSES OF THE SUBSTANTIAL BUSINESS ACTIVITIES TEST, § 1.7874-3; SECTION II.K OF GUIDE |  |
| II Rules Addressing Certain Post-Inversion Tax Avoidance Transactions | 65 |  |  |
| 1. The United States Property Rule [The Anti-Hop Scotch Loan Rule]
 | 65; 118 | THE ANTI-HOPSCOTCH LOAN RULE, SECTION §1.956-2T(a)(4); SECTION II.L OF GUIDE  |  |
| 1. Rules addressing avoidance of U.S. federal income tax on certain E&P of a CFC or certain appreciation in a CFC’s stock
 | 72 |  |  |
| 1. Section 7701(l) Recharacterization Rule
 | 73; 126 | THE SECTION 7701(l) RECHARACTERIZATION RULE, SECTION §1.7701(l)-4T; SECTION II.M OF GUIDE  |  |
| 1. Section 367(b) Stock Dilution Rule
 | 86 | THE SECTION 367(b) STOCK DILUTION RULE, SECTION §1.367(b)--4T(e); SECTION II.N OF GUIDE |  |
| 1. Section 367(b) Asset Dilution Rule
 | 90 | THE SECTION 367(b) ASSET DILUTION RULE, SECTION §1.367(b)--4T(f); SECTION II.O OF GUIDE |  |
| 1. The Section 304 Rules
 | 92 | THE SECTION 304 RULES, SECTION §1.304--7T; SECTION II.P OF GUIDE |  |
| 1. The Inversion Gain Rule
 | 94 | THE INVERSION GAIN RULE, SECTION §1.7874-11T; SECTION II.Q OF GUIDE |  |
| III Miscellaneous Rules and Comment Request |  |  |  |
| 1. New Definition section in 7874 Regs
 | 95; 200 | § 1.7874-12T |  |
| 1. Certain Rules Under 956
 | 96;  | § 1.956-2T |  |