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Report No. 1401

October 5, 2018

The Honorable David J. Kautter
Assistant Secretary (Tax Policy)
Department of the Treasury
1500 Pennsylvania Avenue, NW
Washington, DC 20220

The Honorable Charles P. Rettig
Commissioner
Internal Revenue Service
1111 Constitution Avenue, NW
Washington, DC 20224

The Honorable William M. Paul
Principal Deputy Chief Counsel and
Deputy Chief Counsel (Technical)
Internal Revenue Service
1111 Constitution Avenue, NW
Washington, DC 20224

Re: *Report No. 1401 on Proposed Section 965 Regulations*

Dear Messrs. Kautter, Rettig, and Paul:

I am pleased to submit Report No. 1401, commenting on proposed regulations under sections 962, 965 and 986 (the "Proposed Regulations"). This Report also addresses guidance provided by the Internal Revenue Service relating to refund claims of taxpayers that elect under section 965(h) to pay their tax liability resulting from the application of section 965 in installments.

In a prior report submitted on February 6, 2018, we made recommendations for guidance under section 965, and addressed certain issues arising under the rules set forth in Notice 2018-07 and Notice 2018-13 (the "Prior Report"). In this Report, we make a number of new recommendations regarding issues raised by the Proposed Regulations, and we also restate certain of our recommendations from the Prior Report

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that were not adopted by the Department of Treasury and the Internal Revenue Service in the Proposed Regulations.

We commend Treasury and the Service for making substantial progress in providing extensive guidance under section 965 in a short timeframe. We appreciate your consideration of our recommendations. If you have any questions or comments regarding this Report, please feel free to contact us and we will be glad to assist in any way.

Respectfully submitted,



Karen G. Sowell
Chair

Enclosure

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