



[4830-01-p]

DEPARTMENT OF THE TREASURY

Internal Revenue Service

26 CFR Part 1

[TD 9896]

RIN 1545-BO53

Rules Regarding Certain Hybrid Arrangements; Correcting Amendment

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Correcting amendments.

SUMMARY: This document contains corrections to final regulations Treasury Decision 9896 that were published in the **Federal Register** on Wednesday, April 8, 2020. The final regulations providing guidance regarding hybrid dividends and certain amounts paid or accrued pursuant to hybrid arrangements, which generally involve arrangements whereby U.S. and foreign tax law classify a transaction or entity differently for tax purposes.

DATES: Effective date: This correction is effective on **[INSERT DATE OF PUBLICATION IN THE FEDERAL REGISTER]**.

Applicability dates: For dates of applicability, see §§ 1.267A-7 and 1.1503(d).

FOR FURTHER INFORMATION CONTACT: Tracy Villecco at (202) 317-6933 or Tianlin (Laura) Shi at (202) 317-6936 (not toll-free numbers).

## SUPPLEMENTARY INFORMATION:

### **Background**

The final regulations (TD 9896) that are the subject of this correction are issued under sections 267A and 1503(d) of the Code.

### **Need for Correction**

As published April 8, 2020 (85 FR 19802), the final regulation (TD 9896; FR Doc. 2020-05924) contained errors that need to be corrected.

### **List of Subjects in 26 CFR Part 1**

Income taxes, Reporting and recordkeeping requirements.

### **Correction of Publication**

Accordingly, 26 CFR part 1 is corrected by making the following correcting amendments:

#### PART 1--INCOME TAXES

**Paragraph 1.** The authority citation for part 1 continues to read in part as follows:

Authority: 26 U.S.C. 7805 \* \* \*

**Par. 2.** Section 1.267A-5 is amended by revising paragraph (a)(20)(ii) to read as follows:

#### **§ 1.267A-5 Definitions and special rules.**

(a) \* \* \*

(20) \* \* \*

(ii) Party to a structured arrangement. A party to a structured arrangement means a tax resident, a taxable branch, or an entity that participates in the

structured arrangement. For purposes of this paragraph (a)(20)(ii), in the case of an entity, the entity's participation in a structured arrangement is imputed to its investors. However, a tax resident, a taxable branch or an entity (the relevant party) is considered to participate in the structured arrangement only if—

(A) The relevant party (or a related tax resident or taxable branch, determined under paragraph (a)(14) of this section by treating the relevant party as a specified party) could, based on all the facts and circumstances, reasonably be expected to be aware of the hybrid mismatch; and

(B) The relevant party or one or more of its investors (or a related tax resident or taxable branch, determined under paragraph (a)(14) of this section by treating the relevant party or an investor as a specified party) shares in the value of the tax benefit resulting from the hybrid mismatch.

\* \* \* \* \*

**Par. 3.** Section 1.267A-7 is amended by revising paragraph (a) to read as follows:

**§ 1.267A-7 Applicability dates.**

(a) General rule. Except as provided in paragraph (b) of this section, §§1.267A-1 through 1.267A-6 apply to taxable years ending on or after December 20, 2018, provided that such taxable years begin after December 31, 2017. However, taxpayers may apply the regulations in §§1.267A-1 through 1.267A-6 in their entirety (including by taking into account paragraph (b) of this section) for taxable years beginning after December 31, 2017, and ending before

December 20, 2018. In lieu of applying the regulations in §§1.267A-1 through 1.267A-6 (including paragraph (b) of this section), taxpayers may apply the provisions matching §§1.267A-1 through 1.267A-6 (including by taking into account the provision matching paragraph (b) of this section) from the Internal Revenue Bulletin (IRB) 2019-03 (<https://www.irs.gov/pub/irs-irbs/irb19-03.pdf>) in their entirety for all taxable years ending on or before April 8, 2020.

\* \* \* \* \*

**§ 1.1503(d)-7 [Amended]**

**Par. 4.** Section 1.1503(d)-7(c)(6)(iii)(A) is amended by removing “paragraphs” and adding “paragraph” in its place.

Martin V. Franks,  
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