

§ 1.1291-0

or before January 20, 1987, which obligation is held after January 20, 1987.

[T.D. 8110, 51 FR 45461, Dec. 19, 1986]

§ 1.1291-0 Treatment of shareholders of certain passive foreign investment companies; table of contents.

This section contains a listing of the headings for §§ 1.1291-9 and 1.1291-10.

§ 1.1291-9 Deemed dividend election.

- (a) Deemed dividend election.
 - (1) In general.
 - (2) Post-1986 earnings and profits defined.
 - (i) In general.
 - (ii) Pro rata share of post-1986 earnings and profits attributable to shareholder's stock.
 - (A) In general.
 - (B) Reduction for previously taxed amounts.
 - (b) Who may make the election.
 - (c) Time for making the election.
 - (d) Manner of making the election.
 - (1) In general.
 - (2) Attachment to Form 8621.
 - (e) Qualification date.
 - (1) In general.
 - (2) Elections made after March 31, 1995, and before January 27, 1997.
 - (i) In general.
 - (ii) Exception.
 - (3) Examples.
 - (f) Adjustment to basis.
 - (g) Treatment of holding period.
 - (h) Coordination with section 959(e).
 - (i) Election inapplicable to shareholder of former PFIC.
 - (1) [Reserved]
 - (2) Former PFIC.
 - (j) Definitions.
 - (1) Passive foreign investment company (PFIC).
 - (2) Types of PFICs.
 - (i) Qualified electing fund (QEF).
 - (ii) Pedigreed QEF.
 - (iii) Unpedigreed QEF.
 - (iv) Former PFIC.
 - (3) Shareholder.
 - (k) Effective date.

§ 1.1291-10 Deemed sale election.

- (a) Deemed sale election.
- (b) Who may make the election.
- (c) Time for making the election.
- (d) Manner of making the election.
- (e) Qualification date.
 - (1) In general.
 - (2) Elections made after March 31, 1995, and before January 27, 1997.
 - (i) In general.
 - (ii) Exception.
 - (f) Adjustments to basis.
 - (1) In general.
 - (2) Adjustment to basis for section 1293 inclusion with respect to deemed sale election

26 CFR Ch. I (4-1-01 Edition)

made after March 31, 1995, and before January 27, 1997.

- (g) Treatment of holding period.
- (h) Election inapplicable to shareholder of former PFIC.
- (i) Effective date.

[T.D. 8701, 61 FR 68151, Dec. 27, 1996, as amended by T.D. 8750, 63 FR 13, Jan. 2, 1998]

§ 1.1291-1 Taxation of U.S. persons that are shareholders of PFICs that are not pedigreed QEFs.

- (a) through (d) [Reserved]
- (e) *Exempt organization as shareholder*—(1) *In general*. If the shareholder of a PFIC is an organization exempt from tax under this chapter, section 1291 and these regulations apply to such shareholder only if a dividend from the PFIC would be taxable to the organization under subchapter F.
 - (2) *Effective date*. Paragraph (e)(1) of this section is applicable on and after April 1, 1992.

[T.D. 8750, 63 FR 13, Jan. 2, 1998. Redesignated by T.D. 8870, 65 FR 5779, Feb. 7, 2000]

§ 1.1291-9 Deemed dividend election.

- (a) *Deemed dividend election*—(1) *In general*. This section provides rules for making the election under section 1291(d)(2)(B) (deemed dividend election). Under that section, a shareholder (as defined in paragraph (j)(3) of this section) of a PFIC that is an unpedigreed QEF may elect to include in income as a dividend the shareholder's pro rata share of the post-1986 earnings and profits of the PFIC attributable to the stock held on the qualification date (as defined in paragraph (e) of this section), provided the PFIC is a controlled foreign corporation (CFC) within the meaning of section 957(a) for the taxable year for which the shareholder elects under section 1295 to treat the PFIC as a QEF (section 1295 election). If the shareholder makes the deemed dividend election, the PFIC will become a pedigreed QEF with respect to the shareholder. The deemed dividend is taxed under section 1291 as an excess distribution received on the qualification date. The excess distribution determined under this paragraph (a) is allocated under section 1291(a)(1)(A) only to those days in the shareholder's holding period during which the foreign corporation qualified