(A) First, Z separates its U.S. assets into two currency pools, one denominated in U.S. dollars ($20,000) and the other denominated in U ($5,000).

(B) Second, Z multiplies each pool of assets by the applicable ratio of worldwide liabilities to assets, which in this case is 95%. Thus, Z has U.S.-connected liabilities of $19,000 ($20,000×95%), and $4750 ($5000×95%).

(C) Third, Z calculates its interest expense by multiplying each pool of its U.S.-connected liabilities by the relevant interest rates. Accordingly, Z’s allocable interest expense for the year is $1140 ($19,000×6%), the sum of the expense associated with its U.S. dollar liabilities, plus $370 ($4750×12%), the interest expense associated with its liabilities denominated in $, Z must translate its interest expense denominated in $ in accordance with the rules provided in section 988, and then must determine whether it is subject to any other provision of the Code that would disallow or defer any portion of its interest expense so determined.

Example 2. [Reserved]

(f)(1) Effective/applicability date (1) This section is applicable for taxable years ending on or after August 15, 2009. A taxpayer, however, may choose to apply §1.882–5T, rather than applying the final regulations, for any taxable year beginning on or after August 16, 2008 but before August 15, 2009.

(2) Special rules for financial products. [Reserved]

§1.883–0 Outline of major topics.

This section lists the major paragraphs contained in §§1.883–1 through 1.883–5.

§1.883–1 Exclusion of income from the international operation of ships or aircraft.

(a) General rule.

(b) Qualified income.

(c) Qualified foreign corporation.

(i) General rule.

(ii) Further documentation.

(4) Commissioner’s discretion to cure defects in documentation.

(d) Qualified foreign country.

(e) Operation of ships or aircraft.

(1) General rule.

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§ 1.883–0  Treatment of publicly-traded corporations.

(a) General rule.
(b) Established securities market.
(c) General rule.
(d) Exchanges with multiple tiers.
(e) Computation of dollar value of stock traded.
(f) Over-the-counter market.
(g) Discretion to determine that an exchange does not qualify as an established securities market.
(h) Primarily traded.
(i) Regularly traded.
(j) General rule.
(k) Classes of stock traded on a domestic established securities market treated as meeting trading requirements.
(l) Closely-held classes of stock not treated as meeting trading requirements.
(m) General rule.
(n) Exception.
(o) Five-percent shareholders.
(p) Related persons.
(q) Investment companies.
(r) Anti-abuse rule.
(s) Example.
(t) Substantiation that a foreign corporation is publicly traded.
(u) General rule.
(v) [Reserved] For further guidance, see the entry for §1.883–1T(e)(2).
(5) Taxable nonstock corporations.
(6) Mutual insurance companies and similar entities.
(7) Computation of beneficial interests in nongovernment pension funds.
(d) Substantiation of stock ownership.
(1) General rule.
(2) Application of general rule.
(i) Ownership statements.
(ii) Three-year period of validity.
(3) Special rules.
(i) Substantiating residence of certain shareholders.
(ii) Special rule for registered shareholders owning less than one percent of widely-held corporations.
(iii) Special rule for beneficiaries of pension funds.
(A) Government pension fund.
(B) Nongovernment pension fund.
(iv) Special rule for stock owned by publicly-traded corporations.
(v) Special rule for not-for-profit organizations.
(vi) Special rule for a foreign airline covered by an air services agreement.
(vii) Special rule for taxable nonstock corporations.
(viii) Special rule for closely-held corporations traded in the United States.
(4) Ownership statements from shareholders.
(i) Ownership statements from individuals.
(ii) Ownership statements from foreign governments.
(iii) Ownership statements from publicly-traded corporate shareholders.
(iv) Ownership statements from not-for-profit organizations.
(v) Ownership statements from intermediaries.
(A) General rule.
(B) Ownership statements from widely-held intermediaries with registered shareholders owning less than one percent of such widely-held intermediary.
(C) Ownership statements from pension funds.
(j) Ownership statements from government pension funds.
(2) Ownership statements from nongovernment pension funds.
(3) Time for making determinations.
(D) Ownership statements from taxable nonstock corporations.
(5) Availability and retention of documents for inspection.
(e) Reporting requirements.

§1.883–5 Effective dates.
(a) General rule.
(b) Election for retroactive application.
(c) Transitional information reporting rule.
(d) [Reserved] For further guidance, see the entry for §1.883–5T(d).
(e) [Reserved] For further guidance, see the entry for §1.883–5T(e).

§1.883–1T Exclusion of income from the international operation of ships or aircraft (temporary).
(a) through (c)(3)(i) [Reserved] For further guidance, see entries for §1.883–1(a) through (c)(3)(i).
(ii) Further documentation.
(A) General rule.
(B) Names and addresses of certain shareholders.
(c)(4) through (g)(2) [Reserved] For further guidance, see entries for §1.883–1(c)(4) through (g)(2).
(3) Other services. [Reserved]
(g)(4) through (h)(2) [Reserved] For further guidance, see entries for §1.883–1(g)(4) through (h)(2).
(3) Special rules with respect to income tax conventions.
(i) Countries with only an income tax convention.
(ii) Countries with both an income tax convention and an equivalent exemption.
(A) General rule.
(B) Special rule for simultaneous benefits under section 883 and an income tax convention.
(iii) Participation in certain joint ventures.
(iv) Independent interpretation of income tax conventions.
(h)(4) through (j) [Reserved] For further guidance, see entries for §1.883–1(h)(4) through (j).

§1.883–2T Treatment of publicly-traded corporations (temporary).
(a) through (e)(1) [Reserved] For further guidance, see entries for §1.883–2(a) through (e)(1).
(2) Availability and retention of documents for inspection.
(f) [Reserved] For further guidance, see entry for §1.883–2(f).

§1.883–3T Treatment of controlled foreign corporations (temporary).
(a) General rule.
(b) Qualified U.S. person ownership test.
(1) General rule.
(2) Qualified U.S. person.
(3) Treatment of bearer shares.
(4) Attribution of ownership through certain domestic entities.