§ 1.904(b)–2 26 CFR Ch. I (4–1–10 Edition)

15% rate group .......................................................................................................... $1100 ( $500 ) ....................
   Ordinary income ........................................................................................................ (1000 ) 1000 $500

(ii) In determining O’s taxable income from sources outside the United States, O must reduce the $500 capital loss in the general limitation category to $214.29 ($500 × 15%/35%) pursuant to paragraph (d) of this section. Taking this adjustment into account, O’s foreign source taxable income in all of O’s separate categories in the aggregate is $1285.71 ($1000 – $214.29 + $500).

(iii) In computing O’s entire taxable income in the denominator of the section 904(a) foreign tax credit limitation fraction, O must reduce the $600 of net capital gain for the year to $357.14 ($600 × 15%/35%) pursuant to paragraph (c)(2) of this section. Taking this adjustment into account, O’s entire taxable income for the year is $757.14 ($500 + $257.14).

(iv) Therefore, O’s section 904(b)(3)(D) amount is $328.57 ($1285.71 – $757.14). This amount must be allocated pro rata to O’s $500 of income in the passive category and O’s $785.71 of adjusted income in the general limitation category in accordance with section 904(b)(5)(D).

(i) Effective date. This section shall apply to taxable years beginning after July 20, 2004. Taxpayers may choose to apply this section and § 1.904(b)–1 to taxable years ending after July 20, 2004.


§ 1.904(f)–0 Outline of regulation provisions.

This section lists the headings for §§ 1.904(f)–1 through 1.904(f)–8 and 1.904(f)–12.

§ 1.904(f)–0 Outline of regulation provisions.

This section lists the headings for §§ 1.904(f)–1 through 1.904(f)–8 and 1.904(f)–12.

§ 1.904(f)–1 Overall foreign loss and the overall foreign loss account.

(a)(1) Overview of regulations.

(2) [Reserved] For further guidance, see the entry for § 1.904(f)–1T(a)(2) in § 1.904(f)–1T.

(b) Overall foreign loss accounts.

(c) Determination of a taxpayer’s overall foreign loss.

(1) Overall foreign loss defined.

(2) Separate limitation defined.

(3) Method of allocation and apportionment of deductions.

(d) Additional to the overall foreign loss account.

(1) General rule.

(2) Overall foreign losses of another taxpayer.