(i) 90 percent or more of the qualified export receipts of the DISC for such year are derived from transactions with respect to which it is a commission agent for a related supplier (as defined in §1.994-1(a)(3)(ii)), and
(ii) The DISC subleases such property to such related supplier then such property will be considered as used exclusively by the DISC during such year if such related supplier does not sublease such property.

(d) Associated foreign corporation—(1) In general. A foreign corporation is an associated foreign corporation with respect to a taxable year of the DISC if—
(i) On each day during such taxable year of the DISC on which the foreign corporation has stock issued and outstanding, the DISC, or one or more members of the same controlled group of corporations (as defined in subparagraph (2) of this paragraph) as the DISC, owns (within the meaning of section 1563 (d) and (e)) stock of the foreign corporation possessing less than 10 percent of the total combined voting power of all classes of stock of the foreign corporation entitled to vote, as determined under the principles of §1.957-1(b), or owns no stock of such corporation, and
(ii) The ownership of stock, or of securities (as defined in §1.993-2(g)), of the foreign corporation by the DISC or by one or more members of such controlled group of corporations reasonably furthers a transaction or transactions giving rise to qualified export receipts for the DISC.

(2) Controlled group of corporations. For purposes of this paragraph, the term “controlled group of corporations” has the same meaning assigned to the term in section 1563(a) and not section 993(a)(5) and §1.993-1(k). Thus, for purposes of this paragraph, the test of control is 80 percent control and, since the rules of section 1563(b) apply, only domestic members are considered to be members of the controlled group.

§1.993–6 Definition of gross receipts.

(a) General rule. Under section 993(f), for purposes of sections 991 through 996, the gross receipts of a person for a taxable year are—
(1) The total amounts received or accrued by the person from the sale or lease of property held primarily for sale or lease in the ordinary course of a trade or business, and
(ii) Gross income recognized from all other sources, such as, for example,
(i) The furnishing of services (whether or not related to the sale or lease of property described in subparagraph (1) of this paragraph),
(ii) Dividends and interest,
(iii) The sale at a gain of any property not described in subparagraph (1) of this paragraph, and
(iv) Commission transactions as and to the extent described in paragraph (e) of this section.

(b) Nongross receipts items. For purposes of paragraph (a) of this section, gross receipts do not include amounts received or accrued by a person from—
(1) The proceeds of a loan or of the repayment of a loan, or
(2) A receipt of property in a transaction to which section 118 (relating to contribution to capital) or 1032 (relating to exchange of stock for property) applies.
§ 1.993–7  Definition of United States.

Under section 993(g), the term “United States” includes the States, the District of Columbia, the Commonwealth of Puerto Rico, and possessions of the United States. For the requirement that a DISC must be incorporated and existing under the laws of a State or the District of Columbia, see §1.992-1(a)(1).


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