

Final Currency Rules for Foreign Branches - Section 987 Regulations

Teaser Video Transcript

Strengthening Dollar Impact

...And some people that have QBUs denominated in pounds, for example, have experienced a strengthening dollar over the last five to 10 years. Again, it's been up and down. Depending on when you got in this, this might not apply. But generally, we are seeing that there's losses on the U.S. side. In other words, we took dollars, we invested them in euros, the euro got weaker, there's less dollars there. So, I just want the audience to understand that while this is an onerous 10 step process and a complicated calculation, this can result in a potential tax benefit to the extent you have kind of an unrecognized pre transition loss.

I mean we'll talk a little bit about how you might be able to take some benefit from that going forward, so there is upside. This isn't all admin for a lot of taxpayers, I believe there could be a tax benefit here recognizing that there was that economic loss on making those investments in those currencies. That's all obviously subject to, you know, exact investment time and how long your investment horizon has been. But you know, if the audience takes one thing away, it's that there might be a benefit here for many taxpayers.