

## Part I

### Section 901.—Taxes of Foreign Countries and of Possessions of United States.

**Modification of Rev. Rul. 95-63.** Rev. Rul. 95-63, 1995-2 C.B. 85, with respect to countries described in section 901(j)(2)(A) of the Internal Revenue Code (“Code”), is modified.

Rev. Rul. 2004-103

This ruling modifies Rev. Rul. 95-63, 1995-2 C.B. 85, which lists countries subject to certain special rules under sections 901(j) and 952(a)(5) of the Code.

#### LAW AND ANALYSIS

Sections 901, 902, and 960 of the Code generally allow U.S. taxpayers to claim a foreign tax credit for income, war profits, and excess profits taxes paid or accrued (or deemed paid or accrued) to any foreign country or to any possession of the United States.

Section 901(j)(1)(A) denies the credit for taxes paid or accrued (or deemed paid or accrued under sections 902 or 960) to any country described in section 901(j)(2)(A) if the taxes are with respect to income attributable to a period during which section 901(j) applies. Section 901(j)(1)(B) requires taxpayers to apply subsections (a), (b), and (c) of section 904 and sections 902 and 960 separately with respect to income attributable to such a period from sources within such country. In addition, section 952(a)(5) provides that subpart F income includes income derived by a controlled foreign corporation from any foreign country during any period during which section 901(j) applies to that foreign country.

The special rules under sections 901(j) and 952(a)(5) cease to apply to a country when the Secretary of State certifies to the Secretary of the Treasury that such country is no longer described in section 901(j)(2)(A). Revenue Ruling 95-63 sets forth the countries which are (or were) described in section 901(j)(2)(A) and the period during which the special rules under sections 901(j) and 952(a)(5) apply with respect to each such country. Based on the certification by the Secretary of State, this revenue ruling states the date on which Iraq ceased to be described in section 901(j)(2)(A).

#### HOLDING AND EFFECTIVE DATES

The list of countries in Revenue Ruling 95-63 is modified by changing the reference to Iraq as follows:

<u>Country</u>	<u>Starting Date</u>	<u>Ending Date</u>
Iraq	February 1, 1991	June 27, 2004

For guidance on issues arising in a taxable year when section 901(j) ceases to apply to a country, see Rev. Rul. 92-62, 1992-2 C.B. 193.

#### EFFECT ON OTHER REVENUE RULINGS

This ruling modifies Rev. Rul. 95-63, 1995-2 C.B. 85, with respect to countries described in section 901(j)(2)(A) of the Code.

#### DRAFTING INFORMATION

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