

# Administration's Proposals Regarding the Taxation of U.S. Groups' Foreign Income

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This morning, the Obama Administration provided more detail on its previously announced plan to reform the U.S. tax laws relating to the taxation of income earned by foreign subsidiaries of U.S. corporations, especially the rules deferring taxation of active foreign earnings until repatriated. While the additional information provided by the Administration is good news in one key respect – the Administration is not proposing to repeal deferral in its entirety – the proposed changes will almost certainly increase the overall U.S. tax burden on U.S. multinational corporations and alter the way they structure and finance their foreign operations.

If you have any questions regarding the matters covered in this publication, please reach out to any of the lawyers listed below or your usual Davis Polk contact.

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