

# IRS Internal Memorandum Concludes Offshore Fund Engaged in Lending and Underwriting Business in the United States

January 8, 2015 | Client Update

On January 2, the Internal Revenue Service (the “**IRS**”) released a Chief Counsel Advice memorandum (the “**CCA**”) that concludes that an offshore master fund and its offshore feeder fund were engaged in a trade or business in the United States as a consequence of the master fund’s lending and stock distribution activities, which were conducted on behalf of the master fund by a fund manager based in the United States. Although the CCA does not constitute authority on which a taxpayer may rely, it does provide insight into the views of the IRS on these issues.

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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