

CHAMBER OF COMMERCE  
OF THE  
UNITED STATES OF AMERICA

R. BRUCE JOSTEN  
EXECUTIVE VICE PRESIDENT  
GOVERNMENT AFFAIRS

1615 H STREET, N.W.  
WASHINGTON, D.C. 20062-2000  
202/463-5310

May 6, 2016

CC: PA:LPD:PR (REG-108060-15)  
Room 5203  
Internal Revenue Service  
P.O. Box 7604  
Ben Franklin Station  
Washington, DC 20044

Re: Proposed Treasury regulations under section 385

Dear Sir or Madam:

The U.S. Chamber of Commerce, the world's largest business federation representing the interests of more than three million businesses of all sizes, sectors, and regions, as well as state and local chambers and industry associations, and dedicated to promoting, protecting, and defending America's free enterprise system, requests a 90-day extension of the deadline for filing comments on REG-108060-15 (proposed Treasury regulations under section 385) as published in the *Federal Register* on April 8, 2016. While the Chamber has begun to receive meaningful feedback from our impacted members, the significant changes proposed in the absence of any prior notice require additional time to analyze and review.

While prior notices suggested Treasury was considering “guidance to address strategies that avoid U.S. tax on U.S. operations by shifting or ‘stripping’ U.S.-source earnings to lower-tax jurisdictions, including through intercompany debt” in the context of inversion transactions, in no way did such statement sufficiently notice the scope of what was actually promulgated under section 385. In this regard, taking into account the language of section 385 and the regulations previously proposed and withdrawn, the part-equity/part-debt and documentation rules were not only completely unexpected but arguably could be some of the most significant changes to the U.S. tax rules in recent history. As a result of these proposed sweeping changes, stakeholders were surprised and need additional time to understand and put forth reasonable and constructive comments. Further, since Treasury has indicated they intend to finalize these regulations rapidly, an extended comment period so that the business community can provide feedback and Treasury can engage with the business community on finding solutions is essential.

Further, the breadth, scope, and consequences of these regulations for U.S. Chamber of Commerce members are vastly greater than ever suggested in prior guidance. Rather than address the limited base erosion concerns in the context of inversions suggested in the earlier notices, these regulations impact the use of intercompany debt among all multinational groups, both domestic and foreign, except where those instruments are issued between U.S. consolidated

group members. Even certain entirely domestic companies that for various reasons cannot or choose not to file consolidated returns and that utilize intercompany debt are swept into these rules.

The Chamber believes it is critical, therefore, that these proposed regulations be considered through a deliberate and thorough process taking into account the views and comments of all interested stakeholders. Therefore, we respectfully request that the Internal Revenue Service extend the deadline for receiving comments on the proposal for 90 days until October 5, 2016.

Sincerely,

A handwritten signature in black ink, appearing to read "R. Bruce Josten". The signature is fluid and cursive, with the first name "R." and last name "Josten" being the most prominent parts.

R. Bruce Josten

Cc: The Honorable Jack Lew  
Secretary  
Department of the Treasury