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## **Internal Revenue Code Section 1295**

### **Qualified electing fund**

(a) General rule.

For purposes of this part, any passive foreign investment company shall be treated as a qualified electing fund with respect to the taxpayer if-

- (1) an election by the taxpayer under subsection (b) applies to such company for the taxable year, and
- (2) such company complies with such requirements as the Secretary may prescribe for purposes of-
  - (A) determining the ordinary earnings and net capital gain of such company, and
  - (B) otherwise carrying out the purposes of this subpart.

(b) Election.

(1) In general.

A taxpayer may make an election under this subsection with respect to any passive foreign investment company for any taxable year of the taxpayer. Such an election, once made with respect to any company, shall apply to all subsequent taxable years of the taxpayer with respect to such company unless revoked by the taxpayer with the consent of the Secretary.

(2) When made.

An election under this subsection may be made for any taxable year at any time on or before the due date (determined with regard to extensions) for filing the return of the tax imposed by this chapter for such taxable year. To the extent provided in regulations, such an election may be made later than as required in the preceding sentence where the taxpayer fails to make a timely election because the taxpayer reasonably believed that the company was not a passive foreign investment company.