



Tax Reduction Letter

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Proposed Reg. Section 1.469-11(b)(3)(iv)(A)

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1.469-11 Effective date and transition rules.

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(b) * * *

(3) * * *

(iv) *Regrouping for taxpayers subject to section 1411 --(A) In general.* If an individual, estate, or trust has net investment income (as defined in § 1.1411-4) and such individual's (as defined in § 1.1411-2(a)) modified adjusted gross income (as defined in § 1.1411-2(c)) exceeds the applicable threshold in § 1.1411-2(d) or such estate's or trust's (as defined in § 1.1411-3(a)(1)(i)) adjusted gross income exceeds the amount described in section 1411(a)(2)(B)(ii) and § 1.1411-3(a)(1)(ii)(B)(2), such individual, estate, or trust may, in the first taxable year beginning after December 31, 2013, in which section 1411 would apply to such taxpayer, regroup its activities without regard to the manner in which the activities were grouped in the preceding taxable year. For this purpose, the determination whether section 1411 would apply is made without regard to the effect of regrouping. A taxpayer that is an individual, estate, or trust may regroup its activities for any taxable year that begins during 2013, if section 1411 would apply to such taxpayer for such year. A taxpayer may regroup activities only once pursuant to this paragraph (b)(3)(iv), and a regrouping made pursuant to this paragraph will apply to the taxable year for which the regrouping is done and all subsequent years.

(B) *Effective/applicability date.* This section applies to taxable years beginning after December 31, 2013.

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