



**BDO Seidman, LLP**  
Accountants and Consultants

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## Issue:

### IRS Identifies Societas Europaea (SE) and Five Other Entities as Per Se Corporations

# International Tax Alert

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## Issue:

The IRS has issued final and temporary regulations (T.D. 9235) in order to add six new business entities to its list of “per se corporations.” These types of entities are thus not eligible to elect a status other than that of a corporation for US federal tax purposes.

## Affecting:

US companies with operations in Europe.

## Details:

Domestic and foreign business entities are generally free to choose their status as either transparent or taxable entities for US tax purposes, unless they are “per se corporations.” The list of foreign per se corporations has now been amended to include the following:

- Societas Europaea (SE), European Union,
- Aktsiaselts, Estonia,
- Akciju Sabiedriba, Latvia,
- Akcine Bendroves, Lithuania,
- Delniska Druzba, Slovenia,
- Aktiengesellschaft, Liechtenstein.

These rules apply to entities formed on or after October 7, 2004 (SE) or October 8, 2004 (all other entities).

The SE in particular may deserve extra attention in the future. Even though heavily promoted by European (tax) policy makers, the SE has yet to emerge as a popular form of doing business within the EU.

The proper US tax classification of foreign entities is critical with respect to structuring international operations. Moreover, in certain circumstances, the US check-the-box rules continue to be a powerful tax planning tool.