



Section 987 Model overview

Section 987 Model and connected modeling on the KPMG Digital Gateway



Premier solution

Fully updated for the final Section 987 regulations, including various applicable elections and methods



Client access

Clients can access 987 Model in the cloud or on their desktops and run their own calculations and scenarios



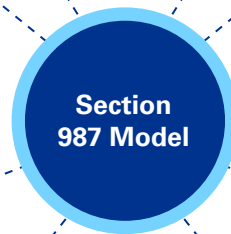
Scenario modeling

Integrated planning functionality within the same file eliminates the need to continuously align multiple models



Multiple use cases

Tax compliance
Tax provision
Tax planning
(using the same base model)



Flexibility



Users have the flexibility to incorporate their own facts and key inputs

Accuracy



Development is a collaborative effort between International Tax and Washington National Tax (WNT) and has been crowd-sourced

Transparency



Excel-based calculations enable users to trace from inputs, to calculations, to reporting

Model updates



Timely updates for new regulatory guidance are integrated and provided with the annual access fee

*ITRA Tax Compliance Connector facilitates the completion of Internal Revenue Service tax forms.

**ITRA model allows for the modeling of post-TCJA calculations (GILTI, FDII, BEAT, 163(j), etc.), and can be linked to the Section 987 Model for relevant inputs.

Section 987 Model functionality

Methods and elections

- Default foreign exchange exposure pool calculation with tax basis balance sheet
- Current rate election
- Alternative Qualified Business Unit net value
- Alternative remittance calculation
- Annual recognition election

Scenario planning

- Toggle elections and compare results
- Group QBUs by functional currency
- Remittances
- Terminations



Section 987 attributes

- Calculate 987 gain/loss upon remittance
- Calculate and track deferred gain/loss and suspended losses
- Track three year look-back gains for suspended loss utilization

Flexible analysis

- QBU attribute reports
- Owner result reports
- Scenario comparison reports
- Income statement and balance sheet detail

Why now?

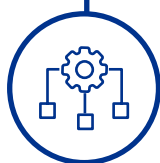
In December 2024, the US Treasury Department released the final section 987 regulations that apply to C Corp tax years beginning after December 31, 2024 (January 1, 2025 for calendar-year corporations or December 1, 2025 for November 30 year-end corporations). Under these regulations, taxpayers are required to calculate their pretransition section 987 gain or loss through the last day before the transition date (December 31, 2024 for calendar-year taxpayers). Elements of the final section 987 regulations, such as loss suspension and source/character assignment, apply to partnerships and QBUs operated by partnerships. New Treas. Reg. 1.987-9 also imposes substantial recordkeeping and reporting requirements.

The following are filed with the 2025 tax return:

- Transition statement, including pretransition gain/loss calculation and amortization election decision
- Initial elections applicable to first year.

The KPMG difference

- KPMG WNT Section 987 subject matter specialists assisted in the development of the Section 987 Model
- The KPMG Section 987 Model performs complex calculations and modeling to help identify time-sensitive planning opportunities. The model can be used to:
 - Automate time-consuming calculations that are needed for US tax returns
 - Model impact of various elections and compare results side by side (e.g., Current rate election versus default FEET)
 - Model impact of remittances on overall taxable income (e.g., FTC, GILTI, Sub F income)
 - Analyze accounting method changes to mitigate Sub K loss suspension.



The KPMG Section 987 Model performs complex calculations and modeling to help identify time-sensitive planning opportunities.

[Learn more about the Section 987 Model and request a demo today.](#)

Contact us



Tyler Beck
Senior Manager, Tax
T: 703-343-1194
E: tylerbeck@kpmg.com



Gloria LaBerge
Senior Manager, Tax
T: 713-319-2000
E: glaberge@kpmg.com



Tom Joss
Partner, Tax
T: 703-286-8421
E: tjoss@kpmg.com



Kevin Brogan
Principal, Tax
T: 202-533-3425
E: kevinbrogan@kpmg.com

Some or all of the services described herein may not be permissible for KPMG audit clients and their affiliates or related entities.

The information contained herein is of a general nature and based on authorities that are subject to change. Applicability of the information to specific situations should be determined through consultation with your tax adviser.

© 2025 KPMG LLP, a Delaware limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved. The KPMG name and logo are trademarks used under license by the independent member firms of the KPMG global organization. USCS029647-1A

Learn about us:



[kpmg.com](https://www.kpmg.com)