



June 24, 2013

Mr. Daniel I. Werfel
Principal Deputy Commissioner
Internal Revenue Service
1111 Constitution Avenue, NW
Washington, DC 20224

The Honorable William J. Wilkins
Chief Counsel
Internal Revenue Service
1111 Constitution Avenue, NW
Washington, DC 20224

Ms. Lisa Zarlenga
Tax Legislative Counsel
Department of the Treasury
1500 Pennsylvania Avenue, NW
Washington, DC 20220

Mr. Curtis G. Wilson
Associate Chief Counsel for
Passthroughs and Special Industries
Internal Revenue Service
1111 Constitution Avenue, NW
Washington, DC 20224

Re: [Rev. Rul. 2013-14](#) relating to the U.S. tax treatment of a Fideicomiso or Mexican Land Trust arrangement (MLT) under Treasury Reg. § 301.7701-4(a) (6/5/2013)

Dear Messrs. Werfel, Wilkins, and Wilson, and Ms. Zarlenga:

The American Institute of Certified Public Accountants (AICPA) would like to thank the Treasury Department and the Internal Revenue Service (IRS) for issuing the long-awaited [Rev. Rul. 2013-14](#) that provides clarity and simplifies filing requirements for many taxpayers. The ruling holds that a certain type of Fideicomiso, referred to as a Mexican Land Trust arrangement (“MLT”), having the characteristics of the MLTs discussed in the ruling is not treated as a trust for U.S. tax purposes under Treasury Reg. § 301.7701-4(a). MLTs are currently required because under the Mexican Constitution, non-Mexican persons may not hold direct title to residential real property in certain areas of Mexico.

The holding in the revenue ruling means that many U.S. taxpayers finally have certainty on the U.S. tax treatment of such common MLTs, and will no longer need to incur the expense and burden associated with preparing and filing the Form 3520 and Form 3520-A foreign trust reporting forms on a protective basis. This ruling is similar to [PLR 201245003](#) (July 30, 2012), but provides guidance that similarly situated taxpayers can rely upon. This ruling will also reduce the workload and administrative burden for the IRS.

We realize that the ruling does not apply if the MLT owns any other property or is permitted or required to engage in any activity beyond holding legal title to the Mexican real property. Therefore, we will continue to review trust agreements to evaluate these points. However, this ruling will put many taxpayers and practitioners at ease with

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respect to MLTs and result in much-needed simplification. We understand that Mexico is also considering a change to their Constitution to allow direct foreign ownership of real estate, as the MLT requirement has been a source of additional paperwork and undue expense for many non-Mexican nationals who wish to invest in Mexican real estate.

As you may know, the AICPA Foreign Trust Task Force has been discussing this issue with the foreign trust group in the IRS National Office for many years, and has requested such guidance since [May 2007](#). Many related AICPA requests are available on the AICPA [foreign trust reporting webpage](#). We greatly appreciate the time and effort that went into developing this Rev. Rul. 2013-14 and are pleased that it was issued.

The AICPA is the world's largest member association representing the accounting profession, with nearly 386,000 members in 128 countries and a 125-year heritage of serving the public interest. Our members advise clients on federal, state and international tax matters and prepare income and other tax returns for millions of Americans. Our members provide services to individuals, not-for-profit organizations, small and medium-sized businesses, as well as America's largest businesses.

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If you would like to discuss any of our other foreign trust suggestions, I can be reached at (304) 522-2553, or jporter@portercpa.com; or you may contact Karen Brodsky, Chair, AICPA Foreign Trust Task Force, at 212-436-3025 or kbrodsky@deloitte.com; or Eileen Sherr, AICPA Senior Technical Manager, at 202-434-9256, or esherr@aicpa.org.

Sincerely,



Jeffrey A. Porter, CPA
Chair, Tax Executive Committee

cc: Ms. Wendy Kribell, Office of the Associate Chief Counsel for Passthroughs and Special Industries, Internal Revenue Service
Ms. Grace Fleeman, Office of the Associate Chief Counsel (International), Internal Revenue Service

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Ms. Lara Banjanin, Office of the Associate Chief Counsel (International), Internal Revenue Service
Ms. Faith Colson, Office of Chief Counsel for Passthroughs and Special Industries, Internal Revenue Service
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Ms. Catherine Hughes, Treasury Department, Office of Tax Legislative Counsel, Office of Tax Policy