

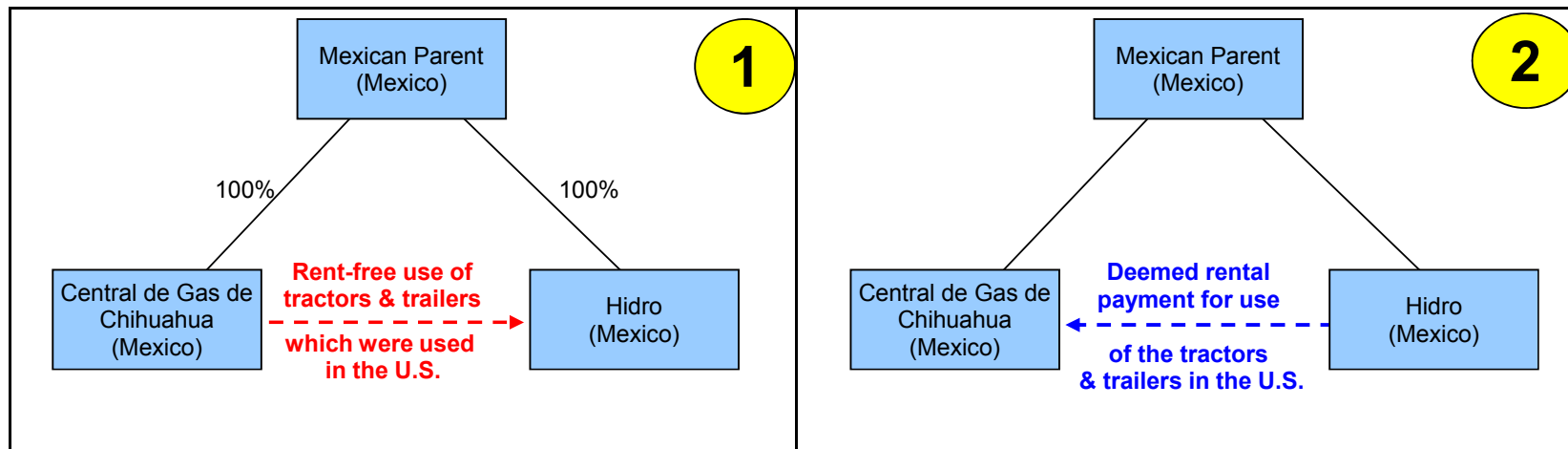
**Central de Gas de Chihuahua  
v. Commissioner  
102 T.C. 515 (1994)**

**482 Adjustment Creates  
Deemed Payment and Tax  
Under Section 881**

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**482 Adjustment/  
Deemed Payment**



During 1990, Central de Gas de Chihuahua ("Central Gas") (a Mexican corporation) rented a fleet of tractors and trailers to another Mexican corporation, Hidro. Hidro did not pay rent for the equipment. Central Gas and Hidro were under common control within the meaning of section 482. The rented equipment was used to transport liquified petroleum gas from points within the United States to the Mexican border area where it was sold to Pemex, the Mexican Government-operated oil company, for distribution in Mexico.

The IRS allocated to Central Gas the amount of the fair rental value of the equipment for 1990 and determined that Central Gas was liable for the 30% tax imposed by section 881 on that amount. The rental income was U.S. source income because the property was used in the U.S.

The allocation created a deemed payment which constituted "an amount received" under section 881.

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