§ 351.508 Debt forgiveness.

(a) Benefit. In the case of an assumption or forgiveness of a firm’s debt obligation, a benefit exists equal to the amount of the principal and/or interest (including accrued, unpaid interest) that the government has assumed or forgiven. In situations where the entity assuming or forgiving the debt receives shares in a firm in return for eliminating or reducing the firm’s debt obligation, the Secretary will determine the existence of a benefit under §351.507 (equity infusions).

(b) Time of receipt of benefit. In the case of a debt or interest assumption or forgiveness, the Secretary normally will consider the benefit as having been received as of the date on which the firm received the equity infusion.

(c) Allocation of benefit to a particular time period. The benefit conferred by an equity infusion shall be allocated over the same time period as a non-recurring subsidy. See §351.524(d).

§ 351.509 Direct taxes.

(a) Benefit—(1) Exemption or remission of taxes. In the case of a program that provides for a full or partial exemption or remission of a direct tax (e.g., an income tax), or a reduction in the base used to calculate a direct tax, a benefit exists to the extent that the tax paid by a firm as a result of the program is less than the tax the firm would have paid in the absence of the program.

(b) Time of receipt of benefit—(1) Exemption or remission of taxes. In the case of a full or partial exemption or remission of a direct tax, the Secretary normally will consider the benefit as having been received on the date on which the recipient firm would otherwise have had to pay the taxes associated with the exemption or remission. Normally, this date will be the date on which the firm filed its tax return.

(2) Exception. In the case of a multi-year deferral, the Secretary normally will consider the benefit as having been received on the anniversary date(s) of the deferral.

(c) Allocation of benefit to a particular time period. The Secretary normally will allocate (expense) the benefit of a full or partial exemption, remission, or deferral of a direct tax to the year in which the benefit is considered to have been received under paragraph (b) of this section.

§ 351.510 Indirect taxes and import charges (other than export programs).

(a) Benefit—(1) Exemption or remission of taxes. In the case of a program, other than an export program, that provides