

of whether the 10% stock interest is held directly or through any number of intermediate subsidiaries.

*Interest Received In Connection With Certain Dispositions*

Under present law an exception to section 904 (f) is provided where the interest received is on an obligation acquired as a result of disposition of stock or obligations of a corporation in which the taxpayer owned at least 10%. However, in the case of a disposition of stock of a wholly-owned subsidiary of a corporation in which the taxpayer owns a 10% interest the latter exception may not apply under present law. It appears that the limitation on the foreign tax credit should apply in the same manner if the obligation is acquired as a result of disposition of the stock of a corporation owned at least 10% whether directly or indirectly.