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If you have any comments on this draft, you can submit them to us on our IRS.gov page titled Comment on Forms and Publications, where you may make comments anonymously if you wish. You can also email us at taxforms@irs.gov. Please include the form or publication number in the subject. We cannot respond to all comments due to the high volume we receive, but we will carefully consider each suggestion. Please note that we may not be able to consider many suggestions until the subsequent revision of the product.

Form **8875**
(Rev. December 2012)
Department of the Treasury
Internal Revenue Service

Taxable REIT Subsidiary Election

(Under section 856(l)(1) of the Internal Revenue Code)

▶ **Information about Form 8875 and its instructions is at *www.irs.gov/form8875*.**

OMB No. 1545-1721

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Part I Taxable REIT Subsidiary Making the Election

1 Name of taxable REIT subsidiary	**2** **Employer identification number (EIN)**
Number, street, and room or suite no. (If a P.O. box, see instructions.)	**3** Date incorporated or organized
City or town, state, and ZIP code	**4** State or country of incorporation or organization

Part II Electing REIT That Owns Stock in the Taxable REIT Subsidiary

5 Name of electing REIT	**6** **Employer identification number (EIN)**
Number, street, and room or suite no. (If a P.O. box, see instructions.)	**7** Date incorporated or organized
City or town, state, and ZIP code	**8** State of incorporation or organization
9 Name of officer of electing REIT or legal representative whom the IRS may contact for more information	**10** Telephone number of officer or legal representative

Part III Information on the Election

11 Date election is to take effect (month, day, year) (see instructions) ▶

12 Did the subsidiary previously file a federal income tax return? If "Yes," complete lines 13a and 13b . . . . . ▶ ☐ Yes ☐ No

13a Tax year ending date of last return (month, day, year) . . . ▶	**13b** Check type of return filed: ☐ Form 1120 ☐ Other ▶

14 Was the subsidiary's last return filed as part of a consolidated return (for which the subsidiary was not the common parent)? If "Yes," complete lines 15a and 15b . . . . . ▶ ☐ Yes ☐ No

15a Name of subsidiary's common parent	**15b** EIN of subsidiary's common parent

16 Does this taxable REIT subsidiary own 35% of the total voting power or value of securities of another lower tier corporation (other than a REIT)? . . . . . ▶ ☐ Yes ☐ No

If "Yes," see instructions for required attachment.

Under penalties of perjury, I declare that I have examined this election, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete.

Signature of officer of taxable REIT subsidiary ▶ _____ _____ **(Title)** _____ **(Date signed)**

Signature of officer of electing REIT . . . ▶ _____ _____ **(Title)** _____ **(Date signed)**

General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

Purpose of Form

A corporation (other than a REIT or an ineligible corporation) and a REIT use Form 8875 to jointly elect to have the corporation treated as a taxable REIT subsidiary (TRS) under section 856(l).

The corporation and the REIT can make this election if the REIT directly or indirectly owns stock in the corporation. The election does not require IRS consent.

A corporation is ineligible to be treated as a taxable REIT subsidiary if it directly or indirectly:

- Operates or manages a lodging facility or a health care facility, or
- Provides to any other person (under a franchise, license, or otherwise) rights to any brand name under which any lodging facility or health care facility is operated.

Exception. A corporation is eligible to be treated as a taxable REIT subsidiary if:

1. The rights are provided to an eligible independent contractor (as defined in section 856(d)(9)) to operate or manage a lodging facility or a health care facility,

2. The rights are held by the corporation as a franchisee, licensee, or in a similar capacity, and

3. The lodging facility or health care facility is either owned by the corporation or leased by the electing REIT to the corporation.

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When To Make the Election

The corporation and the REIT can make this election at any time during the tax year. However, the effective date of the election depends upon when Form 8875 is filed. See the instructions for line 11.

Where To File

File Form 8875 with the:

Department of the Treasury
Internal Revenue Service
Ogden, UT 84201

Do not attach it to the corporation's or REIT's tax returns.

Revocation of Election

Once the TRS election is made, it is irrevocable unless both the corporation and the REIT consent to the revocation. Notify the IRS of the revocation by jointly filing a new Form 8875, and writing the word "REVOCATION" across the top of the form. Complete Parts I and II and provide both signatures. This revocation does not require IRS consent. The revocation is effective on the date the new Form 8875 is filed.

If the employer identification number (EIN) of the TRS changes as a result of a change in status (for example, a merger), the election is automatically terminated. A new election must be made using the new EIN.

Specific Instructions

Address

Include the suite, room, or other unit number after the street address. If the Post Office does not deliver to the street address and the corporation has a P.O. box, show the box number instead of the street address.

If the electing REIT has the same address as the TRS, enter "Same as corporation" in Part II.

If either the TRS or the electing REIT changes its mailing address after the election is filed, it should notify the IRS by filing Form 8822-B, Change of Address—Business.

Employer Identification Number (EIN)

Enter the TRS's EIN. If the TRS does not have an EIN, it must apply for one. An EIN can be applied for:

• Online—Click on the EIN link at *www.irs.gov/businesses/small.* The EIN is issued immediately once the application information is validated.

• By telephone at 1-800-829-4933. The hours of operation are Monday–Friday, 7:00 a.m. to 10:00 p.m. local time.

• By mailing or faxing Form SS-4, Application for Employer Identification Number.

If the TRS has not received its EIN by the time the return is due, enter "Applied for" in the space for the EIN. For more details, see Pub. 583.

If the securities of a corporation are owned directly or indirectly by more than one electing REIT, each electing REIT seeking to treat the corporation as a taxable REIT subsidiary must file a separate Form 8875.

Line 11

The effective date of the TRS election entered on line 11 cannot be more than:

1. Two months and 15 days prior to the date of filing the election or

2. Twelve months after the date of filing the election.

If the election specifies a date earlier than the date in **1** above, it will be treated as being effective 2 months and 15 days prior to the date of filing the election. If the election specifies a date later than the date in **2** above, it will be treated as being effective 12 months after the date of filing the election.

If no date is specified, the election is effective on the date Form 8875 is filed.

Line 16

A TRS that directly or indirectly owns 35% of the total voting power or value of the outstanding securities of a corporation (other than a REIT) must attach a statement to Form 8875 with the name and EIN of that corporation. Under section 856(l), this corporation also will be treated as a TRS of the REIT named in Part II.

If at the time that an election is filed on Form 8875, the TRS named in Part I directly or indirectly owns less than 35% of the total voting power or value of the outstanding securities of another corporation and subsequently acquires securities in that corporation that will result in an ownership interest of 35% or more, the TRS and REIT that filed Form 8875 must file a copy of Form 8875 marked "Automatic Taxable REIT Subsidiary" at the top of the form and attach a statement including the name and EIN of the new lower tier TRS. The new Form 8875 must be filed in the same manner as the original Form 8875 within 30 days of the end of the quarter of the REIT's tax year in which the lower tier corporation became a TRS.

If the 35% interest is not the result of an acquisition, no filing is necessary.

Example. REIT and Corporation X jointly filed Form 8875 on January 15, 2012, with an effective date of January 1, 2012. On the date that Form 8875 was filed, Corporation X owned 30% of the outstanding voting securities of Corporation Y. On March 15, 2012, Corporation X acquired an additional 10% of the outstanding voting securities of Corporation Y. Under section 856(l)(2), Corporation Y will be treated as a TRS of the REIT effective March 15, 2012. The REIT and Corporation X must jointly file a copy of their previously filed Form 8875 marked "Automatic Taxable REIT Subsidiary" at the top and attach a statement including the name and EIN of Corporation Y within 30 days of the end of the quarter of the REIT's tax year in which Corporation Y became a TRS.

Signature

Form 8875 must be signed by persons authorized to sign the tax returns of the TRS and the electing REIT.

Paperwork Reduction Act Notice. We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to give us the information. We need it to ensure that you are complying with these laws.

You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by section 6103.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is:

Recordkeeping . . . . 6 hr., 56 min.

Learning about the law or the form . . . . . 18 min.

Preparing, copying, and sending the form to the IRS . . . . . 25 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. You can write to the Internal Revenue Service, Tax Products Coordinating Committee, SE:W:CAR:MP:T:M:S, 1111 Constitution Ave., NW, IR-6526, Washington, DC 20224.

Do not send the form to this address. Instead, see *Where To File* above.