Form 1116
U. S. INTERNAL REVENUE

CLAIM FOR CREDIT ON INDIVIDUAL INCOME TAX RETURN FOR TAXES PAID OR ACCRUED TO A FOREIGN COUNTRY OR A POSSESSION OF THE UNITED STATES

TO BE FILED BY AN INDIVIDUAL, PARTNERSHIP, OR FIDUCIARY

For Taxable Year 1927

Name of Claimant _____

Address _____, _____, _____
(Street and number) (City or town) (State)

To be filled in if claimant is an individual

Claim for credit is hereby made by the taxpayer named above, who is a citizen or subject of _____ (Name of country) and is a resident of _____ (Name of country), on the attached income tax return, which is based on income _____ (Received or accrued) for the taxable year begun _____, 192 , and ended _____, 192 for taxes _____ (Paid or accrued)[1], as follows:

SCHEDULE A—Tax Paid or Accrued to a Possession of the United States[2]

Name of possession of U. S. _____ Character of tax _____ (Income, war profits, or excess profits)

Statute imposing tax _____ (To be named fully and clearly so as to be easily identified)

Date of accrual _____ (To be given even if claim is based on payment) Date of payment (if paid) _____ (To be given even if claim is based on accrual)

1. Amount of tax[3] (evidenced by attached receipt or return) [4] which (converted

SCHEDULE D—Income from Sources Without the United States on which no Income or Profits Taxes Were Imposed

1. Name of country .....

2. Amount of income ..... (In foreign money) [4], which (converted at an exchange rate of ..... [5]) equals in dollars (Reported on attached Form 1040, as Item .....) ..... $.....

SCHEDULE E—Tax Paid or Accrued to a Foreign Country or a Possession of the United States by a Partnership, Estate, or Trust, in which Claimant has an Interest

Partnership, estate, or trust ..... (Name) ..... (Address)

Fiduciary (if estate or trust) ..... (Name) ..... (Address)

Character and extent of claimant's interest in partnership, estate, or trust .....

.....

Name of foreign country or possession of U. S. ..... Character of tax ..... (Income, war profits, or excess profits)

Statute imposing tax ..... (To be named fully and clearly so as to be easily identified)

Date of accrual ..... (To be given even if claim is based on payment) Date of payment (if paid) ..... (To be given even if claim is based on accrual)

1. Total tax paid by partnership or fiduciary ..... (In foreign money) [4], which (converted at an exchange rate of ..... [5]) equals in dollars ..... $.....

2. Claimant's share of such tax as reported on partnership or fiduciary return ....

3. Total net income derived from partnership or fiduciary (Reported on Form 1040, as Item 4) ....

4. That portion of such income which was derived from sources without the United States ....

To be filled in if the claimant is a partnership or fiduciary

SCHEDULE F—Tax Paid or Accrued to a Foreign Country or Possession of the United States by a Partnership, Estate, or Trust

Partnership, estate, or trust ..... (Name) ..... (Address)

Fiduciary (if estate or trust) ..... (Name) ..... (Address)

The attached ..... (Partnership or fiduciary) return is based on income ..... (Received or accrued) during the taxable year begun ....., 192 , and ended ....., 192

Name of foreign country or possession of U. S. ..... Character of tax ..... (Income, war profits, or excess profits)

Statute imposing tax ..... (To be named fully and clearly so as to be easily identified)

Date of accrual ..... (To be given even if claim is based on payment) Date of payment (if paid) ..... (To be given even if claim is based on accrual)

1. Total amount of this tax payment or accrual (evidenced by attached receipt or return) ..... (In foreign money) [4], which (converted at an exchange rate of ..... [5]) equals in dollars ..... $.....

2. Total net income reported on attached partnership or fiduciary return ....

3. That portion of such income which was derived from sources without the United States ....

REFERENCES

[1] If attached income return is based on income "accrued," or you elect under Section 222 (c) to claim credit for taxes accrued, write "accrued" in the space provided. (See Section 222 (c) and Instructions on page 4.)

[2] To secure credit for taxes paid or accrued to possessions of the United States, claimant must be a citizen other than a citizen entitled to benefits of Section 262, or resident of the United States. (See Section 222 (*a*) on page 4.)

[3] "Amount of tax" means tax proper, *excluding* any amount that represents interest or penalties. If the tax has been actually paid in full, the amount of the tax (excluding interest and penalties) so paid is the amount to be entered in this blank, even though the claim be based on the accrual of the tax.

[4] State this amount in the currency of the foreign country or possession of the United States (e. g., pounds, francs, marks).

[5] Give the rate of exchange used and attach a statement describing in reasonable detail why and how this particular rate was determined.

[6] To secure credit for taxes paid or accrued to a foreign country, claimant must be a citizen other than a citizen entitled to benefits of Section 262, or resident of the United States. Moreover, if he is an *alien* resident, he must be a citizen or subject of a foreign country which allows "a similar credit to citizens of the United States residing in such country." (See Section 222 (*a*) on page 4.)

[7] Where there is more than one possession of the United States or one foreign country to which taxes are paid by claimant individually, or by partnership, estate, or trust in which claimant has an interest, additional schedules should be attached, and the credit claimed on each such schedule should be included in this Summary.

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SUMMARY[7] OF INCOME RECEIVED AND TAXES PAID, AS SHOWN IN SCHEDULES A TO E ON PAGES 1 AND 2

	Column A Income		Column B Taxes paid or accrued[1]
Schedule A, Item 2	$	Schedule A, Item 1	$
Schedule B, Item 2		Schedule B, Item 1	
Schedule C, Item 2		Schedule C, Item 1	
Schedule D, Item 2			Taxes paid or accrued on behalf of claimant's interest in partnership, estate, or trust
Schedule E, Item 4		Schedule E, Item 2	$
Total	$	Total	$

I. Total income from sources without United States (total Column A) ..... $

II. Total tax paid or accrued to possessions of United States or foreign countries (total Column B) .....

III. Total net income, from sources without United States (computed without deductions for any income, war profits, and excess profits taxes imposed by any foreign country or possession of United States) .....

IV. Total net income from all sources (computed without deduction for any income, war profits, and excess profits taxes imposed by any foreign country or possession of United States) .....

V. Ratio of income from sources without United States to total income from all sources (Item III divided by Item IV) .....

VI. Total tax on Item IV ..... $

VII. Amount of tax which may be claimed as credit against total tax due United States (amount equal to Item VI multiplied by Item V, unless Item II is less than such amount, in which case Item II should be entered here) .....

(To be entered on the attached income tax return Form 1040 A as Item 15, Form 1040 or Form 1040 FY as Item 52)

AFFIDAVIT

I swear (or affirm) that the above is to the best of my knowledge and belief a true and complete statement of facts in connection with the claim for credit for taxes above made.

.....

(If claim is made by agent, the reason therefor must be stated on this line)

Sworn to (or affirmed) and subscribed before me this

..... day of ....., 1928.

.....
(Signature of claimant or agent)

.....
(Signature of officer administering oath)

.....
(Address of agent)

.....
(Official capacity)

.....

(See References on page 2)

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CREDIT FOR TAXES IN CASE OF INDIVIDUALS

SEC. 222. (*a*) The tax computed under Parts I and II of this title shall be credited with:

(1) In the case of a citizen of the United States the amount of any income, war-profits, and excess-profits taxes paid or accrued during the taxable year to any foreign country or to any possession of the United States; and

(2) In the case of a resident of the United States, the amount of any such taxes paid or accrued during the taxable year to any possession of the United States; and

(3) In the case of an alien resident of the United States, the amount of any such taxes paid or accrued during the taxable year to any foreign country, if the foreign country of which such alien resident is a citizen or subject, in imposing such taxes, allows a similar credit to citizens of the United States residing in such country; and

(4) In the case of any such individual who is a member of a partnership or a beneficiary of an estate or trust, his proportionate share of such taxes of the partnership or the estate or trust paid or accrued during the taxable year to a foreign country or to any possession of the United States, as the case may be.

(5) The above credits shall not be allowed in the case of a citizen entitled to the benefits of section 262; and in no other case shall the amount of credit taken under this subdivision exceed the same proportion of the tax (computed on the basis of the taxpayer's net income without the deduction of any income, war-profits, or excess-profits tax any part of which may be allowed to him as a credit by this section), against which such credit is taken, which the taxpayer's net income (computed without the deduction of any such income, war-profits, or excess-profits tax) from sources without the United States bears to his entire net income (computed without such deduction) for the same taxable year.

(*b*) If accrued taxes when paid differ from the amounts claimed as credits by the taxpayer, or if any tax paid is refunded in whole or in part, the taxpayer shall notify the Commissioner, who shall redetermine the amount of the tax due under Parts I and II of this title for the year or years affected, and the amount of tax due upon such redetermination, if any, shall be paid by the taxpayer upon notice and demand by the collector, or the amount of tax overpaid, if any, shall be credited or refunded to the taxpayer in accordance with the provisions of section 281. In the case of such a tax accrued but not paid, the Commissioner as a condition precedent to the allowance of this credit may require the taxpayer to give a bond with sureties satisfactory to and to be approved by the Commissioner in such sum as the Commissioner may require, conditioned upon the payment by the taxpayer of any amount of tax found due upon any such redetermination; and the bond herein prescribed shall contain such further conditions as the Commissioner may require.

(*c*) The credits provided for in subdivision (*a*) of this section may, at the option of the taxpayer and irrespective of the method of accounting employed in keeping his books, be taken in the year in which the taxes of the foreign country or the possession of the United States accrued, subject, however, to the conditions prescribed in subdivision (*b*) of this section. If the taxpayer elects to take such credits in the year in which the taxes of the foreign country or the possession of the United States accrued, the credits for all subsequent years shall be taken upon the same basis.

(*d*) These credits shall be allowed only if the taxpayer furnishes evidence satisfactory to the Commissioner showing the amount of income derived from sources without the United States, and all other information necessary for the verification and computation of such credits.

INSTRUCTIONS

WHEN CREDIT FOR TAXES MAY BE TAKEN.—The credit for taxes provided by section 222 (*a*) may ordinarily be taken either in the return for the year in which the taxes accrued or in which the taxes were paid, dependent upon whether the accounts of the taxpayer are kept and his returns filed upon the accrual basis or upon the cash receipts and disbursements basis. Section 222 (*c*) allows the taxpayer, at his option and irrespective of the method of accounting employed in keeping his books, to take such credit for taxes as may be allowable in the return for the year in which the taxes accrued. An election thus made under this section or under section 222 (*c*) of the Revenue Act of 1924 must be followed in returns for all subsequent years.

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