

Caution: *DRAFT—NOT FOR FILING*

This is an early release draft of an IRS tax form, instructions, or publication, which the IRS is providing for your information as a courtesy. **Do not file draft forms.** Also, do not rely on draft instructions and publications for filing. We generally do not release drafts of forms until we believe we have incorporated all changes. However, unexpected issues sometimes arise, or legislation is passed, necessitating a change to a draft form. In addition, forms generally are subject to OMB approval before they can be officially released. Drafts of instructions and publications usually have at least some changes before being officially released.

Early releases of draft forms and instructions are at [IRS.gov/draftforms](https://www.irs.gov/draftforms). Please note that drafts may remain on IRS.gov even after the final release is posted at [IRS.gov/downloadforms](https://www.irs.gov/downloadforms), and thus may not be removed until there is a new draft for the subsequent revision. All information about all revisions of all forms, instructions, and publications is at [IRS.gov/formspubs](https://www.irs.gov/formspubs).

Almost every form and publication also has its own easily accessible information page on IRS.gov. For example, the Form 1040 page is at [IRS.gov/form1040](https://www.irs.gov/form1040); the Form W-2 page is at [IRS.gov/w2](https://www.irs.gov/w2); the Publication 17 page is at [IRS.gov/pub17](https://www.irs.gov/pub17); the Form W-4 page is at [IRS.gov/w4](https://www.irs.gov/w4); the Form 8863 page is at [IRS.gov/form8863](https://www.irs.gov/form8863); and the Schedule A (Form 1040) page is at [IRS.gov/schedulea](https://www.irs.gov/schedulea). If typing in the links above instead of clicking on them: type the link into the address bar of your browser, not in a Search box; the text after the slash must be lowercase; and your browser may require the link to begin with “www.”. Note that these are shortcut links that will automatically go to the actual link for the page.

If you wish, you can submit comments about draft or final forms, instructions, or publications on the [Comment on Tax Forms and Publications](#) page on IRS.gov. We cannot respond to all comments due to the high volume we receive, but we will carefully consider each one. Please note that we may not be able to consider many suggestions until the subsequent revision of the product.

If any stock outstanding on the last day of the tax year is entitled to cumulative dividends, show the amount for earlier years unpaid at the beginning of the tax year. Give the class or classes of stock involved.

DRAFT AS OF
July 21, 2016
DO NOT FILE

(Use more sheets if necessary.)

Instructions

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

Purpose of form. Form 973 is filed by a corporation claiming a consent dividend deduction under section 565.

Who may file. The consent dividend provisions apply to corporations that reasonably believe that they are subject to the accumulated earnings tax, personal holding companies, foreign personal holding companies, regulated investment companies, and real estate investment trusts.

Limitations. A consent dividend deduction may only be taken as to the amount stated on Form(s) 972 (see below), for "consent stock" (as defined in section 565(f)(1)), which is not a "preferential dividend" (as defined in section 562(c)), and which would constitute a "dividend" (as defined in section 316) if actually paid.

How to file. Attach Form 973 to the corporation's income tax return for the tax year the corporation claims the consent dividend deduction.

For each shareholder who agreed to treat the consent dividend as a taxable dividend, the corporation must also attach to its income tax return either the signed **Form 972, Consent of Shareholder To Include Specific Amount in Gross Income**, or an unsigned Form 972 with the same information stated on the signed Form 972. If the corporation submits an unsigned Form 972, it must retain the original, signed Form 972 in its records.

Nonresident aliens and foreign shareholders. If the corporation receives a Form 972 from a nonresident alien or other foreign shareholder, the corporation must pay any withholding tax it would have withheld if the dividend had been actually paid (see Regulations section 1.565-5(a) and sections 1441 and 1442).

Use the following forms to report and send the tax withheld.

- **Form 1042**, Annual Withholding Tax Return for U.S. Source Income of Foreign Persons;
- **Form 1042-S**, Foreign Person's U.S. Source Income Subject to Withholding; and
- **Form 1042-T**, Annual Summary and Transmittal of Forms 1042-S.

See the instructions for these forms for more detailed information on filing and transmitting the payment.

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 and to allow us to figure and collect the right amount of tax.

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 content 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	3 hr., 31 min.
Learning about the law or the form	30 min.
Preparing and sending the form to the IRS	34 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 at the address listed in the instructions of the tax return with which this form is filed.