Note: *The draft you are looking for begins on the next page.*

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. **Do not file draft forms.** We incorporate all significant changes to forms posted with this coversheet.

However, unexpected issues occasionally arise, or legislation is passed—in this case, we will post a new draft of the form to alert users that changes were made to the previously posted draft. Thus, there are never any changes to the last posted draft of the form and the final revision of the form. Forms and instructions are subject to OMB approval before they can be officially released, so we post drafts of them until they are approved. Drafts of instructions and publications usually have some additional changes before their final release. Early release drafts are posted at IRS.gov/DraftForms and remain there after the final release is posted at IRS.gov/LatestForms. Also see IRS.gov/Forms.

Most forms and publications have a page on IRS.gov: IRS.gov/Form1040 for Form 1040; IRS.gov/Pub501 for Pub. 501; IRS.gov/W4 for Form W-4; and IRS.gov/ScheduleA for Schedule A (Form 1040), for example, and similarly for other forms, publications, and schedules for Form 1040. When typing in a link, type it into the address bar of your browser, not a Search box on IRS.gov.

If you wish, you can submit comments to the IRS about draft or final forms, instructions, or publications at IRS.gov/FormsComments. Include "NTF" followed by the form or publication number (for example, "NTF1040", "NTFW4", "NTF501", etc.) in the body of the message to route your message properly. We cannot respond to all comments due to the high volume we receive and may not be able to consider many suggestions until the subsequent revision of the product, but we will review each "NTF" message.

If you have comments on reducing paperwork and respondent (filer) burden, with respect to draft or final forms, please respond to the relevant information collection through the Federal Register process; for more information, click here.

Instructions for Form 8831

(Rev. December 2026)

Excise Taxes on Excess Inclusions of REMIC Residual Interests

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

Future Developments

For the latest information about developments related to Form 8831 and its instructions, such as legislation enacted after they were published, go to *IRS.gov/Form8831*.

General Instructions

Purpose of Form

Use Form 8831 to report and pay:

- The excise tax due under section 860E(e)(1) on any transfer of a residual interest in a real estate mortgage investment conduit (REMIC) to a disqualified organization,
- The amount due under Regulations section 1.860E-2(a)(7)(ii) if the tax under section 860E(e)(1) is to be waived, or
- The excise tax due under section 860E(e)(6) on pass-through entities with interests held by disqualified organizations.

Definitions

A disqualified organization is:

- The United States, any state or political subdivision thereof, any foreign government, any international organization, or any of their agencies or instrumentalities (except for certain taxable instrumentalities described in section 168(h)(2)(D) and the Federal Home Loan Mortgage Corporation);
- Any tax-exempt organization (other than a farmers' cooperative described in section 521), unless that organization is subject to the unrelated business income tax; and
- Any cooperative described in section 1381(a)(2)(C).

A pass-through entity is a regulated investment company (RIC), real estate investment trust (REIT), common trust fund, partnership, trust, or estate, or a cooperative described in section 1381. A person holding an interest in a pass-through entity as a nominee for another person is also treated as a pass-through entity.

Who Must File

You must file Form 8831 if you're liable for the excise tax in Part I under section 860E(e)(1) (or the amount due under Regulations section 1.860E-2(a)(7)(ii)) because you transferred a residual interest in a REMIC to a disqualified organization after March 31, 1988 (unless the transfer was made under a binding contract in effect on that date).

File a separate Form 8831 for each transfer of a residual interest.

You will be relieved of the liability for the tax if you obtain an affidavit from the transferee signed under penalties of perjury that either furnishes the transferee's social security number (SSN) or states that the transferee isn't a disqualified organization, provided you don't have actual knowledge at the time of the transfer that the affidavit is false.

A pass-through entity must file Form 8831 if it is liable for the tax in Part II under section 860E(e)(6). The entity must pay this tax if, at any time during the entity's tax year, excess inclusions from a residual interest in a REMIC are allocable to an interest in the entity for which the record holder is a disqualified organization. The tax applies to excess inclusions for periods after March 31, 1988, but only to the extent the inclusions are allocable either to an interest in the pass-through entity acquired after March 31, 1988, or to a residual interest acquired by the pass-through entity after March 31, 1988.

Any interest acquired under a binding contract in effect on March 31, 1988, is treated as acquired before that date. A RIC, REIT, common trust fund, or publicly traded partnership is subject to the tax due under section 860E(e)(6) only for tax years beginning after 1988.

Generally, a pass-through entity isn't subject to the excise tax under section 860E(e)(6) if it obtains an affidavit from the record holder signed under penalties of perjury that either furnishes the record holder's SSN or states that the record holder isn't a disqualified organization. The affidavit provides relief for any period during which the pass-through entity doesn't have actual knowledge that the affidavit is false.

A pass-through entity that owes both the excise tax in Part I under section 860E(e)(1) (or the amount due under Regulations section 1.860E-2(a)(7)(ii)) and the excise tax in Part II under section 860E(e)(6) must file a separate form for each tax.

When To File

For the excise tax due under section 860E(e)(1), file Form 8831 and pay the tax by April 15 of the year following the calendar year in which the residual interest is transferred to a disqualified organization. A pass-through entity must file Form 8831 and pay the tax due under section 860E(e)(6) by the 15th day of the 4th month following the close of its tax year in which the disqualified person is a record holder. If the due date falls on a Saturday, Sunday, or legal holiday, file on the next day that isn't a Saturday, Sunday, or legal holiday.

If more time is needed, use Form 7004, Application for Automatic Extension of Time To File Certain Business Income Tax, Information, and Other Returns, to request an extension of time to file Form 8831. However, Form 7004 doesn't extend the time for payment of tax.

Where To File

Send Form 8831 to the following address.

Department of the Treasury
Internal Revenue Service
Kansas City, MO 64999

Rounding Off to Whole Dollars

You may round off cents to whole dollars on your returns and schedules. If you do round to whole dollars, you must round all amounts. To round, drop amounts under 50 cents and increase amounts from 50 to 99 cents to the next dollar. For example, $1.39 becomes $1 and $2.50 becomes $3. If you have to add two or more amounts to figure the amount to enter on a line, include cents when adding the amounts and round off only the total.

Amended Returns

To amend a previously filed Form 8831, file a corrected Form 8831 marked “Amended” at the top of the form.

Signature

See the instructions for the Signature section of your federal income tax return.

Paid Preparer Use Only

A paid preparer must sign Form 8831 and provide the information in the Paid Preparer Use Only section at the end of the form if the preparer was paid to prepare the form and isn't an employee of the filing entity. The preparer must give you a copy of the form in addition to the copy to be filed with the IRS.

If you're a paid preparer, enter your preparer tax identification number (PTIN) in the space provided. Include your complete address. If you work for a firm, you must also enter the firm's name and the employer identification number (EIN) of the firm in place of your PTIN.

You can apply for a PTIN online or by filing Form W-12, IRS Paid Preparer Tax Identification Number (PTIN) Application and Renewal. For more information about applying for a PTIN, go to *IRS.gov/PTIN*.

Interest and Penalties

Interest. Interest is charged on taxes not paid by the due date. Interest is also charged on certain penalties. The interest charged is figured at a rate determined under section 6621.

Late filing penalty. Generally, a penalty of 5% a month or part of a month, up to a maximum of 25%, is imposed on the net amount of tax due if the excise tax return isn't filed when due.

Late payment penalty. Generally, the penalty for not paying tax when due is 1/2 of 1% of the unpaid tax, up to a maximum of 25%, for each month or part of a month the tax remains unpaid.

Specific Instructions

Name and Address

Enter the name shown on your most recently filed federal income tax return. Include the suite, room, apartment, or other unit number after the street address. If the post office doesn't deliver mail to the street address and you have a P.O. box, show the box number instead of the street address.

Identifying Number

If you're an individual, enter your SSN. Other filers, enter your EIN.

Part I—Transfers to Disqualified Organizations

Line 4. The excess inclusions expected to accrue must be determined as of the date the residual interest is transferred and must be based on events that have occurred up to the time of the transfer, the prepayment and reinvestment assumptions adopted under section 1272(a)(6) (or that would have been adopted if the REMIC's regular interests had been issued with original issue discount), and any required or permitted clean-up calls, or required qualified liquidation provided under the REMIC's organizational documents.

The present value of the excess inclusions expected to accrue is determined by discounting all remaining excess inclusions expected to accrue on the residual interest from the end of each calendar quarter in which those inclusions are expected to accrue to the date the disqualified organization acquired the residual interest. The discount rate to be used in this computation is the applicable federal rate under section 1274(d)(1) that would apply to a debt instrument issued on the date the disqualified organization acquired the residual interest and with a term that ends on the last day of the last quarter in which excess inclusions are expected to accrue for the interest.

The REMIC must furnish the information needed to figure the amount on line 4 upon your request. The information must be furnished within 60 days of the request. The REMIC may charge a fee for this information.

Line 6. Enter the amounts reported on Schedule Q (Form 1066), Quarterly Notice to Residual Interest Holder of REMIC Taxable Income or Net Loss Allocation, line 2c, to the disqualified organization for the period it held the residual interest.

Part II—Tax on Pass-Through Entities With Interests Held by Disqualified Organizations

Line 9. Enter the amounts reported on Schedule Q (Form 1066), line 2c, for the tax year of the pass-through entity that are allocable to all disqualified organizations that held an interest in the entity.

Line 10. In general, deduct the amount on line 10 to figure the ordinary income of the pass-through entity. For example, a REIT deducts the tax to figure its REIT taxable income under section 857(b)(2).

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Part III—Tax and Payments

Line 12. If you filed Form 7004, enter the amount paid, if any, when you filed that form.

Line 13. You must pay the full amount reported on line 13. The IRS recommends paying electronically whenever possible. Go to *IRS.gov/Payments* to see all your payment options.

Line 14. The IRS will refund the amount on line 14 if you owe no other taxes. If you have access to U.S. banking services or electronic payment systems, you should use direct deposit for any refunds.

Privacy Act and Paperwork Reduction Act Notice. We ask for the information on this form to carry out the Internal Revenue laws of the United States. We need it to figure and collect the right amount of tax. This form is used to determine the amount of taxes you owe as imposed by section 860E. Section 6011 requires you to provide the requested information if the tax is applicable to you. Section 6109 requires you to provide your identification number. Routine uses of this information include giving it to the Department of Justice for civil and criminal litigation and to cities, states, and the District of Columbia, and U.S. commonwealths and territories for use in administering their tax laws. We may also disclose this information to other countries under a tax treaty, to federal and state agencies to enforce federal nontax criminal laws, or to federal law enforcement and intelligence agencies to combat terrorism. If you fail to provide this information in a timely manner, you may be subject to penalties.

You aren't 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 shown below.

Recordkeeping	4 hr., 32 min.
Learning about the law or the form	1 hr., 29 min.
Preparing and sending the form to the IRS	1 hr., 37 min.

Comments and suggestions. We welcome your comments about this publication and your suggestions for future revisions. You can send us comments through *IRS.gov/FormComments*. Or you can write to Internal Revenue Service, Tax Forms and Publications, 1111 Constitution Ave. NW, IR-6526, Washington, DC 20224.

Although we can't respond individually to each comment received, we do appreciate your feedback and will consider your comments and suggestions as we revise our tax forms, instructions, and publications. **Don't** send tax questions, tax returns, or payments to the above address.

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