**Appendix: Q&A2**

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| **Individual Taxpayer** | | | | |
| **Follow these reporting instructions along with attaching the IRC 965 Transition Tax Statement** | | | | |
| **Form** | **965(a) Amount** *[4]* | **965(c) Deduction** *[5]* | **Foreign Tax Credit (FTC)** *[6]* | **Reporting of Net Tax Liability Under Section 965***[7]* **and Amounts to Be Paid in Installments Under Section 965(h) or Deferred Under Section 965(i), If Applicable** |
| **1040** | Include a net section 965 amount (section 965(a) amount less section 965(c) deduction) on Page 1, Line 21, Other Income.  Write SEC 965 on the dotted line to the left of Line 21.  If, however, an IRC 962 election is made, consult the Instructions to Form 1040. | See 965(a) amount column. | Report the relevant section 965(a) amount and the relevant section 965(c) deduction on Form 1116.  If an IRC 962 election is made, report the relevant section 965(a) amount, the relevant section 965(c) deduction, the deemed paid foreign taxes with respect to the relevant section 965(a) amount, and the disallowed foreign taxes under section 965(g) on Form 1118. | Reduce on Page 2, Line 44, Tax the amount of net tax liability deferred under section 965(i), if applicable. Check box ‘c’ on Line 44 and write 965 to the right of the box*.[8]*  Include in total on Page 2, Line 73 the amount to be paid in installments for years beyond the 2017 year, if applicable. Check box ‘d’ on Line 73 and write TAX to the right of the box. |

***Updated: 04/13/2018***

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[4] This includes section 965(a) inclusion amounts of a United States shareholder of a deferred foreign income corporation and distributive shares and pro rata shares of section 965(a) inclusion amounts of domestic partnerships, S corporations, and other passthrough entities.  
[5] This includes deductions under section 965(c) of a United States shareholder of a deferred foreign income corporation and distributive shares and pro rata shares of deductions under section 965(c) of domestic partnerships, S corporations, and other passthrough entities.  
[6] See section 965(g).  
[7] See section 965(h)(6) and Q&A3.  
[8] To make the 965(i) election, the taxpayer will have to file a paper Form 1040.

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| **S corporation or Partnership Taxpayer** | | | | |
| **Follow these reporting instructions along with attaching the IRC 965 Transition Tax Statement** | | | | |
| **Form** | **965(a) Amount** | **965(c) Deduction** | **Foreign Tax Credit  (FTC)** | **Reporting of Net Tax Liability Under Section 965** |
| **1120 S** *[9], [10]* | Page 3, Schedule K, Line 10 | Page 3, Schedule K, Line 12d | N/A | N/A |
| **1065** *[11], [12]* | Page 4, Schedule K, Line 11 | Page 4, Schedule K, Line 13d | N/A | N/A[9] |

***Updated: 04/13/2018***

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[9] See also Q&A9.  
[10] See section 965(f)(2) concerning the treatment of the income inclusion offset by the section 965(c) deduction for the purposes of computing adjustments to shareholder basis under section 1367(a)(1)(A) and calculating the accumulated adjustments account under section 1368(e)(1)(A).  
[11] See also Q&A9.  
[12]See section 965(f)(2) concerning the treatment of the income inclusion offset by the section 965(c) deduction for the purpose of computing adjustments to the basis of a partner’s interest in a partnership under section 705(a)(1)(B)

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| **Estate or Trust Taxpayer** | | | | |
| **Follow these reporting instructions along with attaching the IRC 965 Transition Tax Statement** | | | | |
| **Form** | **965(a) Amount** | **965(c) Deduction** | **Foreign Tax Credit  (FTC)** | **Reporting of Net Tax Liability Under Section 965 and Amounts to Be Paid in Installments Under Section 965(h) or Deferred Under Section 965(i), If Applicable** |
| **1041** *[13]*– Net 965 amount distributed to beneficiary  ***posted:3/13/18*** | Include the net 965 amount (section 965(a) amount less section965(c) deduction) to the extent distributed. Include on Page 1, Line 8, Other Income. | See 965(a) amount column. | N/A | N/A |
| **1041** – Net 965 amount not distributed to beneficiary  ***Updated: 04/13/2018*** | Do not enter the amount on Form 1041 but rather report on IRC 965 Transition Tax Statement, Line 1. | Do not enter an amount on Form 1041 but rather report on IRC 965 Transition Tax Statement, Line 3. | Do not report the relevant section 965(a) amount and the relevant section 965(c) deduction on Form 1116.  If an IRC 962 election is made, do not report the relevant section 965(a) amount, the relevant section 965(c) deduction, the deemed paid foreign taxes with respect to the relevant section 965(a) amount, and the disallowed foreign taxes under section 965(g) on Form 1118. Report the deemed paid foreign taxes with respect to the section 965(a) amount and the foreign taxes disallowed under section 965(g) on IRC 965 Transition Tax Statement, Lines 4a and 4b. | Include in total on Page 2, Schedule G, Line 7 the net tax liability under section 965 reduced by the amount of the net tax liability deferred under section 965(i), if applicable.  Include in amount on Page 1, Line 24a the amount to be paid in installments for years beyond the 2017 year, if applicable. |

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[13] See also Q&A9.

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| **Form 1120 Corporate Taxpayer** | | | | |
| **Follow these reporting instructions along with attaching the IRC 965 Transition Tax Statement** | | | | |
| **Form** | **965(a) Amount** | **965(c) Deduction** | **Foreign Tax Credit (FTC)** | **Reporting of Net Tax Liability Under Section 965 and Amounts to Be Paid in Installments Under Section 965(h), If Applicable** |
| **1120** | Do not enter an amount on Form 1120 but rather report on IRC 965 Transition Tax Statement, Line 1. | Do not enter an amount on Form 1120 but rather report on IRC 965 Transition Tax Statement, Line 3. | Do not enter the relevant section 965(a) amount, the relevant section 965(c) deduction, the deemed paid foreign taxes with respect to the relevant section 965(a) amount, and the foreign taxes disallowed under section 965(g) on Form 1118. Report the deemed paid foreign taxes with respect to the section 965(a) amount and the foreign taxes disallowed under section 965(g) on IRC 965 Transition Tax Statement, Lines 4a and 4b. | Include in total on Page 3, Schedule J, Part I, Line 11 net tax liability under section 965.  Include in total on Page 3, Schedule J, Part II, Line 19d the amount to be paid in installments for years beyond the 2017 year, if applicable. |
| **1120 PC** | Do not enter an amount on Form 1120-PC but rather report on IRC 965 Transition Tax Statement, Line 1. | Do not enter an amount on Form 1120-PC but rather report on IRC 965 Transition Tax Statement, Line 3. | Do not enter the relevant section 965(a) amount, the relevant section 965(c) deduction, the deemed paid foreign taxes with respect to the relevant section 965(a) amount, and the foreign taxes disallowed under section 965(g) on Form 1118. Report the deemed paid foreign taxes with respect to the section 965(a) amount and the foreign taxes disallowed under section 965(g) on IRC 965 Transition Tax Statement, Lines 4a and 4b. | Include in total on Page 1, Line 13 the net tax liability under section 965.  Include in total on Page 1, Line 14k the amount to be paid in installments for years beyond the 2017 taxable year, if applicable.  Write ‘965’ on the dotted line to the left of Line 14k. |

***Posted: 03/13/2018***

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| **Follow these reporting instructions along with attaching the IRC 965 Transition Tax Statement** | | | | |
| **Form** | **965(a) Amount** | **965(c) Deduction** | **Foreign Tax Credit  (FTC)** | **Reporting of Net Tax Liability Under Section 965 and Amounts to Be Paid in Installments Under Section 965(h), If Applicable** |
| **1120 L** | Do not enter an amount on Form 1120-L but rather report on IRC 965 Transition Tax Statement, Line 1. | Do not enter an amount on Form 1120-L but rather report on IRC 965 Transition Tax Statement, Line 3. | Do not enter the relevant section 965(a) amount, the relevant section 965(c) deduction, the deemed paid foreign taxes with respect to the relevant section 965(a) amount, and the foreign taxes disallowed under section 965(g) on Form 1118. Report the deemed paid foreign taxes with respect to the section 965(a) amount and the foreign taxes disallowed under section 965(g) on IRC 965 Transition Tax Statement, Lines 4a and 4b | Include in total on Page 6, Schedule K, Line 10 the net tax liability under section 965.  Include in total on Page 1, Line 29k the amount to be paid in installments for years beyond the 2017 year, if applicable. Write ‘965’ on the dotted line to the left of Line 29k.  . |

***Posted: 03/13/2018***

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| **Follow these reporting instructions along with attaching the IRC 965 Transition Tax Statement** | | | | |
| **Form** | **965(a) Amount** | **965(c) Deduction** | **Foreign Tax Credit  (FTC)** | **Reporting of Net Tax Liability Under Section 965 and Amounts to Be Paid in Installments Under Section 965(h), If Applicable** |
| **1120 REIT that makes Section 965(m)(1)(B) election** | Include the 8% portion of the net 965 amount (section 965(a) amount less section 965(c) deduction) on page 1, Part I, Line 7, “Other Income.” Write SEC 965 on the dotted line to the left of Line 7.  So as not to include the 8% portion of the net 965 amount in the REIT’s gross income tests (see section 965(m)(1)(A)), include it on page 2, Part III, Lines 2(c) and 5(c). With regard to those lines, the Instructions for Form 1120-REIT require the taxpayer to attach a copy of the Secretary’s determination allowing an exclusion pursuant to section 856(c)(5)(J)(i) to its tax return. The attachment of IRC 965 Transition Tax Statement to the taxpayer’s return satisfies this requirement. | See 965(a) amount column. | If applicable, enter the relevant section 965(a) amount, the relevant section 965(c) deduction, the deemed paid foreign taxes with respect to the relevant section 965(a) amount, and the foreign taxes disallowed under section 965(g) on Form 1118. | N/A  . |

***Posted: 03/13/2018***

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| **Follow these reporting instructions along with attaching the IRC 965 Transition Tax Statement** | | | | |
| **Form** | **965(a) Amount** | **965(c) Deduction** | **Foreign Tax Credit  (FTC)** | **Reporting of Net Tax Liability Under Section 965 and Amounts to Be Paid in Installments Under Section 965(h)), If Applicable** |
| **1120 REIT that makes neither Section 965(m)(1)(B) election nor Section 965(h) election** | Include the net 965 amount (section 965(a) amount less section 965(c) deduction) on page 1, Part I, Line 7, “Other Income.” Write SEC 965 on the dotted line to the left of Line 7.  So as not to include the net 965 amount in the REIT’s gross income tests (see section 965(m)(1)(A)), include it on page 2, Part III, Lines 2(c) and 5(c). With regard to those lines, the Instructions for Form 1120-REIT require the taxpayer to attach a copy of the Secretary’s determination allowing an exclusion pursuant to section 856(c)(5)(J)(i) to its tax return. The attachment of IRC 965 Transition Tax Statement to the taxpayer’s return satisfies this requirement. | See 965(a) amount column. | If applicable, enter the relevant section 965(a) amount, the relevant section 965(c) deduction, the deemed paid foreign taxes with respect to the relevant section 965(a) amount, and the foreign taxes disallowed under section 965(g) on Form 1118. | N/A |

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| **Follow these reporting instructions along with attaching the IRC 965 Transition Tax Statement** | | | | |
| **Form** | **965(a) Amount** | **965(c) Deduction** | **Foreign Tax Credit (FTC)** | **Reporting of Net Tax Liability Under Section 965 and Amounts to Be Paid in Installments Under Section 965(h)), If Applicable** |
| **1120 REIT that makes Section 965(h) election** | Include the net 965 amount (section 965(a) amount less section 965(c) deduction) on page 1, Part I, Line 7, “Other Income.” Write SEC 965 on the dotted line to the left of Line 7.  So as not to include the net 965 amount in the REIT’s gross income tests (see section 965(m)(1)(A)), include it on page 2, Part III, Lines 2(c) and 5(c). With regard to those lines, the Instructions for Form 1120-REIT require the taxpayer to attach a copy of the Secretary’s determination allowing an exclusion pursuant to section 856(c)(5)(J)(i) to its tax return. The attachment of IRC 965 Transition Tax Statement to the taxpayer’s return satisfies this requirement. | See 965(a) amount column. | If applicable, enter the relevant section 965(a) amount, the relevant section 965(c) deduction, the deemed paid foreign taxes with respect to the relevant section 965(a) amount, and the foreign taxes disallowed under section 965(g) on Form 1118. | Include in total on Page 1, Line 24h the amount to be paid in installments for years beyond the 2017 taxable year. Write ‘965’ in the space above Line 24h |

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| **Follow these reporting instructions along with attaching the IRC 965 Transition Tax Statement** | | | | |
| **Form** | **965(a) Amount** | **965(c) Deduction** | **Foreign Tax Credit  (FTC)** | **Reporting of Net Tax Liability Under Section 965 and Amounts to Be Paid in Installments Under Section 965(h), If Applicable** |
| **1120 RIC** | Include a net 965 amount (section 965(a) amount less section 965(c) deduction) on page 1, Part I, Line 7, “Other Income”. Write SEC 965 on the dotted line to the left of Line 7. | See 965(a) amount column. | If applicable, enter the relevant section 965(a) amount, the relevant section 965(c) deduction, the deemed paid foreign taxes with respect to the relevant section 965(a) amount, and the foreign taxes disallowed under section 965(g) on Form 1118. . | Include in total on Page 2, Part I, Line 28i the amount to be paid in installments for years beyond the 2017 taxable year, if applicable. Write ‘965’ in the space above Line 28i. |

***Posted: 03/13/2018***

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| **Exempt Organization Taxpayer** | | | | |
| **Follow these reporting instructions along with attaching the IRC 965 Transition Tax Statement** | | | | |
| **Form** | **965(a) Amount** | **965(c) Deduction** | **Foreign Tax Credit (FTC)** | **Reporting of Net Tax Liability Under Section 965 and Amounts to Be Paid in Installments Under Section 965(h), If Applicable** |
| **990T** | Do not enter an amount on Form 990-T but rather report on IRC 965 Transition Tax Statement, Line 1. | Do not enter an amount on Form 990-T but rather report on IRC 965 Transition Tax Statement, Line 3. | Do not enter the relevant section 965(a) amount, the relevant section 965(c) deduction, the deemed paid foreign taxes with respect to the relevant section 965(a) amount, and the foreign taxes disallowed under section 965(g) on Form 1118. Report the deemed paid foreign taxes with respect to the section 965(a) amount and the foreign taxes disallowed under section 965(g) on IRC 965 Transition Tax Statement, Lines 4a and 4b. | Include in total on Page 2, Part IV, Line 44 the net tax liability under section 965.  Include in total on Page 2, Part IV, Line 45g the amount to be paid in installments for years beyond the 2017 year, if applicable. Check the “Other” box on Line 45g and write “965” to the right of the box. |

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