



# Instructions for Schedule B (Form 1116) (December 2021)

## Foreign Tax Carryover Reconciliation Schedule

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

### Future Developments

For the latest information about developments related to Schedule B (Form 1116) and its instructions, such as legislation enacted after they were published, go to [IRS.gov/Form1116](https://www.irs.gov/Form1116).

## General Instructions

### Purpose of Schedule

Schedule B (Form 1116) is used to reconcile your prior year foreign tax carryover with your current year foreign tax carryover. Taxpayers are therefore reporting running balances of their foreign tax carryovers showing all activity since the filing of their prior year income tax return.

**Lines 1 through 3.** On these lines, you figure your adjusted foreign tax carryover from the prior tax year which is available for credit in the current tax year. The total amount on line 3, column (xiv), is included on Form 1116, Part III, line 10.

**Line 4.** If you have a current year [excess limitation](#) (defined later), some or all of the line 3 adjusted foreign tax carryover amount will be utilized in the current tax year. This activity is shown on line 4 of Schedule B.

**Lines 5 through 8.** If you have current year [excess foreign taxes](#) (defined later), none of the line 3 adjusted foreign tax carryover amount will be utilized in the current tax year. If you have any remaining carryover from the 10th preceding tax year, this carryover amount will expire unused. This activity is shown on line 5 of Schedule B. Furthermore, you will generate a foreign tax carryover in the current tax year which can be carried back to the prior tax year and/or carried forward to future tax years (see the line 10 instructions in the Instructions for Form 1116 for details). This activity is shown on lines 6 through 8 of Schedule B.

### Who Must File

With respect to each separate category of income, if you are filing Form 1116 that has a foreign tax carryover in the prior tax year, the current tax year, or both, you

must file Schedule B for that separate category of income.

### Definitions

**Excess limitation.** If your foreign tax credit limitation (Form 1116, Part III, line 23) exceeds your current year foreign taxes available for credit (the sum of Form 1116, Part III, lines 9, 12, and 13), you have an excess limitation.

**Excess foreign taxes.** If your current year foreign taxes available for credit (the sum of Form 1116, Part III, lines 9, 12, and 13) exceed your foreign tax credit limitation (Form 1116, Part III, line 23), you have excess foreign taxes.

## Specific Instructions

**Important:** All information reported on Schedule B must be in English. All amounts must be stated in U.S. dollars.

**Checkboxes at top of page 1.** Use a separate Schedule B for each applicable category of income and check the corresponding box. Check only one box for each completed Schedule B.

See *Categories of Income* in the Instructions for Form 1116 for additional information regarding separate categories. For country codes on lines (h) and (i), see [IRS.gov/CountryCodes](https://www.irs.gov/CountryCodes) for the code to use.

**Note.** Don't complete Schedule B for section 951A category income because the carryover provisions of section 904(c) don't apply to foreign taxes assigned to section 951A category income.

**Line 1. Foreign tax carryover from the prior tax year.** Enter on line 1 the amounts from line 6 of the Line 1 Reconciliation Worksheet at the end of the instructions. See the instructions under [Line 1 Reconciliation Worksheet](#), later, before completing the worksheet.

**Line 2. Adjustments to line 1.** Report on lines 2a, 2b, 2c, 2d, etc., any adjustments resulting from events that occurred between the filing of your prior year tax return and the filing of your current year tax return.

**Line 2a. Carryback adjustment.** Enter on line 2a, column (xii), the difference between any estimated carryback amount you may have used on

your prior year carryover schedule (that is, the equivalent of any estimated carryback amount that you would have entered on line 7, column (xiii), of Schedule B had that schedule existed last year) and the actual carryback amount.

**Example.** For 2021, Sam has excess foreign taxes of \$100 entered on Schedule B, line 6, column (xiii). Sam enters \$20 on line 7 as the estimated amount of line 6 to be carried back to 2020. He enters \$80 on line 8 as the carryover amount for following years. The actual carryback amount to 2020 is later determined to be \$15. In 2022, Sam enters \$80 on line 1, column (xii), as the carryover from 2021, corresponding to the amount entered on line 8, column (xiii), of Schedule B filed for the 2021 tax year. Because the estimated carryback amount of \$20 from 2021 to 2020 (entered on line 7 of Schedule B filed for 2021) exceeds the actual carryback of \$15, Sam will enter the \$5 excess (\$20 – \$15) on line 2a of his 2022 Schedule B as a positive number. Assuming no other adjustments are needed, the total carryover amount from 2021 entered on line 3, column (xii), of Sam's 2022 Schedule B will be \$85 (\$80 + \$5).

**Line 2b. Adjustments for section 905(c) redeterminations.** Enter on line 2b any adjustments needed for section 905(c) redeterminations. See *Foreign Tax Redeterminations* in the Instructions for Form 1116 for additional information.

**Lines 2c, 2d, 2e, etc.** Include on these additional lines the following types of adjustments needed to reflect:

- Domestic audit adjustments, and
- Any other adjustments needed to properly reflect the total carryover amount from the prior tax year that is available for credit in the current tax year.

**Note.** Be sure to enter a brief description of each applicable adjustment item immediately after the lower case letter in the first column of the schedule.

**Line 3. Adjusted foreign tax carryover from prior tax year.** Combine lines 1 and 2. The total amount on line 3, column (xiv), is the adjusted carryover amount from the prior tax year. It is included on Form 1116, Part III, line 10 (and, if filing an amended return, combined with

carrybacks into the current tax year) to determine the total amount of foreign taxes that are available for credit in the current tax year.

**Line 4. Foreign tax carryover used in current tax year.** With respect to a given separate limitation, line 4 is completed only if you have a current year [excess limitation](#) (defined earlier).

Enter in each column the foreign tax carryover utilized in the current tax year. Starting with column (i), the amount to be entered on line 4 of a given column will be the amount on line 3 of that column, but only to the extent that it doesn't exceed:

- The amount of the current year [excess limitation](#) (defined earlier), less
- The sum of all amounts entered in all previous columns of line 4.

**Example.** For the current tax year, Bob has an excess limitation of \$250. The amount on line 3, column (i), is \$80. The amount on line 3, column (ii), is \$60. The amount on line 3, column (iii), is \$130. The amount on line 3 of all subsequent columns is irrelevant for purposes of this example. Bob enters \$80 on line 4, column (i); \$60 on line 4, column (ii); \$110 on line 4, column (iii); the \$250 subtotal on line 4, column (vii); the \$250 subtotal on line 4, column (viii); and the \$250 total on line 4, column (xiv).



*The line 4, column (xiv), total can't exceed the amount of the current year excess limitation.*

**Line 5. Foreign tax carryover expired unused in current tax year.** Line 5 is completed only with respect to the 10th preceding tax year (and the "Subtotal" and "Totals" columns). For the 10th preceding tax year (column (i)), combine lines 3 and 4 and enter the result on line 5, column (i).

**Line 6. Foreign tax carryover generated in current tax year.** With respect to a given separate limitation, line 6 is completed only if you have current year

[excess foreign taxes](#) (defined under *Definitions*, earlier). Enter in column (xiii) (the current tax year column) the amount of your unused foreign tax for the current tax year (that is, the amount by which the sum of Form 1116, Part III, lines 9, 12, and 13, exceeds the amount on Form 1116, Part III, line 23). Also enter the same amount in the "Totals" column (column (xiv)).

**Line 7. Actual or estimated amount of line 6 to be carried back to the prior tax year.** Enter the amount of line 6 carried back to the first preceding tax year. If, at the time you file your current year income tax return, the actual amount isn't available, an estimated or tentative amount may be entered on line 7. If an estimated amount is entered on line 7 and this amount differs from the actual carryback amount, the difference will be entered on line 2a of your subsequent year Schedule B.

**Note.** In order to carry back amounts to the first preceding tax year, that first preceding tax year must be an [excess limitation year](#) (as defined earlier under *Definitions*).

**Note.** When this line 7 carryback amount is subtracted from line 6, the difference is the amount of the foreign tax carryover generated in the current tax year which will be carried forward to your subsequent tax year.

## Line 1 Reconciliation Worksheet

Use the worksheet at the end of the instructions to figure the amounts to be entered on line 1 of your Schedule B.

**Lines 2 through 5.** Use the instructions for lines 4 through 7 of Schedule B earlier to complete lines 2 through 5, respectively, of the Line 1 Reconciliation Worksheet.

## Additional Information

For more information, see section 904(c), Regulations section 1.904-2, and Temporary Regulations section 1.904-2T.

## Paperwork Reduction Act Notice.

We ask for the information on Schedule B to carry out the Internal Revenue laws of the United States. You're required to give us the information. We need it to ensure that you're complying with these laws and to allow us to figure and collect the right amount of tax.

You're 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 Schedule B will vary depending on individual circumstances. The estimated burden for individual taxpayers filing this form is approved under OMB control number 1545-0074 and is included in the estimates shown in the instructions for their individual income tax return. The estimated burden for all other taxpayers who file this form is: **Recordkeeping**, 14 min.; **Learning about the law or the form**, 7 min.; **Preparing the form**, 7 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 IRS at the address listed in the instructions of the tax return with which this form is filed.

**Line 1 Reconciliation Worksheet**

**Caution:** This worksheet is to be completed only for purposes of computing the amounts to be entered on line 1 of your Schedule B (Form 1116) for your tax year beginning in 2021.

|  | (i)<br>Tax year<br>beginning<br>in 2010 | (ii)<br>Tax year<br>beginning<br>in 2011 | (iii)<br>Tax year<br>beginning<br>in 2012 | (iv)<br>Tax year<br>beginning<br>in 2013 | (v)<br>Tax year<br>beginning<br>in 2014 | (vi)<br>Tax year<br>beginning<br>in 2015 | (vii)<br>Tax year<br>beginning<br>in 2016 | (viii)<br>Tax year<br>beginning<br>in 2017 | (ix)<br>Tax year<br>beginning<br>in 2018 | (x)<br>Tax year<br>beginning<br>in 2019 | (xi)<br>Tax year<br>beginning<br>in 2020 | (xii)<br>Totals<br>(add<br>columns<br>(i)<br>through<br>(xi)) |
|--|---|--|---|--|---|--|---|--|--|---|--|---|
| <b>1</b> For each column, enter the applicable portion of the amount from Part III, line 10, of your Form 1116 for your tax year beginning in 2020.              |   |  |   |  |   |  |   |  |  |   |  |   |
| <b>2</b> Foreign tax carryover used in your tax year beginning in 2020 (enter as a negative number).   |   |  |   |  |   |  |   |  |  |   |  |   |
| <b>3</b> Foreign tax carryover expired unused in your tax year beginning in 2020 (enter as a negative number).   |   |  |   |  |   |  |   |  |  |   |  |   |
| <b>4</b> Foreign tax carryover generated in your tax year beginning in 2020.   |   |  |   |  |   |  |   |  |  |   |  |   |
| <b>5</b> Amount of line 4 carried back to your tax year beginning in 2019 (enter as a negative number).  |   |  |   |  |   |  |   |  |  |   |  |   |
| <b>6</b> Combine lines 1 through 5 and enter the results here and on line 1 of your Schedule B.  |   |  |   |  |   |  |   |  |  |   |  |   |
| <b>Note:</b> The line 6 amounts above are to be entered on the following corresponding columns of line 1 of your Schedule B for your tax year beginning in 2021. |   | (i)<br>10th<br>preceding<br>tax year     | (ii)<br>9th<br>preceding<br>tax year      | (iii)<br>8th<br>preceding<br>tax year    | (iv)<br>7th<br>preceding<br>tax year    | (v)<br>6th<br>preceding<br>tax year      | (vi)<br>5th<br>preceding<br>tax year      | (ix)<br>4th<br>preceding<br>tax year       | (x)<br>3rd<br>preceding<br>tax year      | (xi)<br>2nd<br>preceding<br>tax year    | (xii)<br>1st<br>preceding<br>tax year    |   |