



Instructions for Form 3520-A

Annual Information Return of Foreign Trust With a U.S. Owner

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

General Instructions

Future Developments

For the latest information about developments related to Form 3520-A and its instructions, such as legislation enacted after they were published, go to [IRS.gov/Form3520A](https://www.irs.gov/Form3520A).

Purpose of Form

Form 3520-A is the annual information return of a foreign trust with at least one U.S. owner. The form provides information about the foreign trust, its U.S. beneficiaries, and any U.S. person who is treated as an owner of any portion of the foreign trust under the grantor trust rules (sections 671 through 679).

Who Must File

A foreign trust with a U.S. owner must file Form 3520-A in order for the U.S. owner to satisfy its annual information reporting requirements under section 6048(b). Each U.S. person treated as an owner of any portion of a foreign trust under the grantor trust rules (sections 671 through 679) is responsible for ensuring that the foreign trust files Form 3520-A and furnishes the required annual statements to its U.S. owners and U.S. beneficiaries. If a foreign trust fails to file Form 3520-A, the U.S. owner must complete and attach a substitute Form 3520-A for the foreign trust to the U.S. owner's Form 3520, Annual Return To Report Transactions With Foreign Trusts and Receipt of Certain Foreign Gifts, by the due date of the U.S. owner's Form 3520 (and not the due date for the Form 3520-A, which is otherwise due by the 15th day of the 3rd month after the end of the trust's tax year) in order to avoid being subject to the additional separate penalty for the foreign trust's failure to file a Form 3520-A. See Part II, line 22, of the Instructions for Form 3520. See *Penalties*, later.

Exception. Custodians of Canadian registered retirement savings plans (RRSPs) and Canadian registered retirement income funds (RRIFs) are not required to file Form 3520-A with respect to a U.S. citizen or resident alien who holds an interest in an RRSP or RRIF. In addition, custodians of any other Canadian retirement plan within the meaning of section 3 of Rev. Proc. 2014-55 are not required to file Form 3520-A for a U.S. citizen or resident alien owner or beneficiary. See Rev. Proc. 2014-55, 2014-44 I.R.B. 753, available at [IRS.gov/irb/2014-44_IRB/ar10.html](https://www.irs.gov/irb/2014-44_IRB/ar10.html).

When and Where To File

File a complete Form 3520-A (including the statements on pages 3 through 5) with the Internal Revenue Service Center, P.O. Box 409101, Ogden, UT 84409, by the 15th day of the 3rd month after the end of the trust's tax year. However, if you are filing a substitute Form 3520-A with your Form 3520, then your substitute Form 3520-A is due by the due date of Form 3520. See the Instructions for Form 3520 for the due date of the Form 3520. Give copies of the **Foreign Grantor Trust Owner Statement** (pages 3 and 4 of Form 3520-A) and the **Foreign Grantor Trust Beneficiary Statement** (page 5 of Form 3520-A) to the U.S. owners and U.S. beneficiaries by the 15th day of the 3rd month after the end of the trust's tax year.

An automatic 6-month extension of time to file Form 3520-A (including the statements on pages 3 through 5) may be granted by filing Form 7004, Application for Automatic Extension of Time To File Certain Business Income Tax, Information, and Other Returns, by the 15th day of the 3rd month after the end of the trust's tax year. For details, see Form 7004.

Note. An extension of time to file an income tax return will not provide an extension of time to file Form 3520-A. Form 7004 must be filed in order to request an extension of time to file Form 3520-A.

Form 3520-A must have all required attachments to be considered complete.

Who Must Sign

If the return is filed by:

- An individual or fiduciary, it must be signed and dated by that individual or fiduciary;
- A partnership, it must be signed and dated by a general partner or limited liability company member; or
- A corporation, it must be signed and dated by the president, vice president, treasurer, assistant treasurer, chief accounting officer, or any other corporate officer (such as a tax officer) authorized to sign.

Note. If the return is a substitute Form 3520-A that is being completed by a U.S. owner and attached to the U.S. owner's Form 3520, then the U.S. owner must sign and date the return and provide the U.S. owner's name and identification number on the **Title** line of the signature box. For more information about the requirements to file a substitute Form 3520-A, see Part II, line 22, of the Instructions for Form 3520.

The paid preparer must complete the required preparer information and:

- Sign the return in the space provided for the preparer's signature, and
- Give a copy of the return to the filer.

Penalties

The U.S. owner is subject to an initial penalty equal to the greater of \$10,000 or 5% of the gross value of the portion of the trust's assets treated as owned by the U.S. person at the close of that tax year if the foreign trust (a) fails to file a timely Form 3520-A, or (b) does not furnish all of the information required by section 6048(b) or includes incorrect information. See section 6677(a) through (c). If a foreign trust fails to file a Form 3520-A, the U.S. owner must complete and attach a substitute Form 3520-A to the U.S. owner's Form 3520 by the due date of the U.S. owner's Form 3520 (and not the due date for Form 3520-A) in order to avoid being subject to a penalty for the foreign trust's failure to file a Form 3520-A. For example, a substitute Form 3520-A that, to the best of the U.S. owner's ability, is completed and attached to the U.S. owner's Form 3520 by the due date for the Form 3520 (such as April 15 for the U.S. owners who are individuals) is considered timely filed.

The U.S. owner is subject to an additional separate penalty equal to the greater of \$10,000 or 5% of the gross value of the portion of the trust's assets treated as owned by the U.S. person at the close of that tax year if the U.S. owner (a) fails to file a timely Form 3520 (Part II), or (b) fails to furnish all of the information required by section 6048(b) or includes incorrect information. See section 6677(a) through (c) and the Instructions for Form 3520.

Additional penalties will be imposed if the noncompliance continues for more than 90 days after the IRS mails a notice of failure to comply with the required reporting. If the IRS can determine the gross value (defined later) of the portion of the trust's assets treated as owned by the U.S. person at the close of the tax year, then the additional penalties will be reduced as necessary to assure that the aggregate amount of such penalties does not exceed the gross value of the trust. For more information, see section 6677.

Criminal penalties may be imposed under sections 7203, 7206, and 7207 for failure to file on time and for filing a false or fraudulent return.

Note. If a U.S. owner of a foreign trust is subject to a penalty imposed under section 6662 for an underpayment of tax required to be shown on a return, then such penalty may be increased under section 6662(j) for any portion of an underpayment which is attributable to any transaction involving any asset with respect to which information was required to be provided on Form 3520-A. For more information about undisclosed foreign financial asset understatements, see section 6662(j).

Reasonable cause. No penalties will be imposed if the taxpayer can demonstrate that the failure to comply with the reporting requirements was due to reasonable cause and not willful neglect.

Note. The fact that a foreign country would impose penalties for disclosing the required information is not reasonable cause. Similarly, reluctance on the part of a foreign fiduciary or provisions in the trust instrument that prevent the disclosure of required information is not reasonable cause. See section 6677(d) for more information.

Definitions

Distribution

A distribution for section 6048(c) reporting purposes is any gratuitous transfer of money or other property from a trust, whether or not the trust is treated as a grantor trust under the grantor trust rules (sections 671 through 679), and without regard to whether the recipient is designated as a beneficiary by the terms of the trust. A distribution includes the receipt of trust corpus and the receipt of a gift or bequest described in section 663(a).

A distribution also includes constructive transfers from a trust. For example, if charges you make on a credit card are paid by a foreign trust or guaranteed or secured by the assets of a foreign trust, the amount charged will be treated as a distribution to you by the foreign trust. Similarly, if you write checks on a foreign trust's bank account, the amount will be treated as a distribution. See section V of Notice 97-34, 1997-25 I.R.B. 22. Also, if you receive a payment from a foreign trust in exchange for property transferred to the trust or services rendered to the trust, and the fair market value (FMV) of the payment you received exceeds the FMV of the property transferred or services rendered, the excess will be treated as a distribution to you. See section V of Notice 97-34, 1997-25 I.R.B. 22.

Examples:

1. If you sell stock with an FMV of \$100 to a foreign trust and receive \$150 in exchange, you have received a distribution of \$50.
2. If you receive \$100 from the trust for services performed by you for the trust, and the services have an FMV of \$20, you have received a distribution of \$80.

Foreign Trust and Domestic Trust

A foreign trust is any trust other than a domestic trust. A domestic trust is any trust if:

1. A court within the United States is able to exercise primary supervision over the administration of the trust, and
2. One or more U.S. persons have the authority to control all substantial decisions of the trust.

Grantor

A grantor includes any person who creates a trust or directly or indirectly makes a gratuitous transfer of cash or other property to a trust. A grantor includes any person treated as the owner of any part of a foreign trust's assets under sections 671 through 679, excluding section 678.

Note. If a partnership or corporation makes a gratuitous transfer to a trust, the partners or shareholders are generally treated as the grantors of the trust, unless the partnership or corporation made the transfer for a business purpose of the partnership or corporation.

If a trust makes a gratuitous transfer to another trust, the grantor of the transferor trust is treated as the grantor of the transferee trust, except that if a person with a general power of appointment over the transferor trust exercises that power in favor of another trust, such person is treated as the grantor of the transferee trust, even if the

grantor of the transferor trust is treated as the owner of the transferor trust.

Grantor Trust

A grantor trust is any trust to the extent that the assets of the trust are treated as owned by a person other than the trust. See the grantor trust rules in sections 671 through 679. A part of the trust may be treated as a grantor trust to the extent that only a portion of the trust assets are owned by a person other than the trust.

Note. Due to changes to section 679(c) made by the HIRE Act, effective after March 18, 2010, a loan of cash or marketable securities from a foreign trust with a U.S. transferor, directly or indirectly, to a U.S. person, or the use of any other trust property directly or indirectly by any U.S. person (whether or not a beneficiary under the terms of the trust) will cause a foreign trust to be treated as having a U.S. beneficiary, unless the U.S. person repays the loan at a market rate of interest or pays the FMV of the use of such property within a reasonable period of time. Thus, in the case of a foreign trust with a U.S. transferor that is treated as having a U.S. beneficiary, the foreign trust is treated as a grantor trust under the grantor trust rules.

Gross Value

Gross value is the value of property as determined under section 2512 and its regulations, without regard to any prohibitions or restrictions on a person's interest in the property. See section VII of Notice 97-34. Although formal appraisals are generally not required, you should keep contemporaneous records of how you arrived at your good faith estimate.

Nongrantor Trust

A nongrantor trust is any trust to the extent that the assets of the trust are not treated as owned by a person other than the trust. Thus, a nongrantor trust is treated as a taxable entity. A trust may be treated as a nongrantor trust with respect to only a portion of the trust assets. See *Grantor Trust* above.

Owner

An owner of a foreign trust is the person that is treated as owning any of the assets of a foreign trust under the grantor trust rules.

Property

Property means any property, whether tangible or intangible, including cash.

U.S. Agent

A U.S. agent is a U.S. person (defined later) that has a binding contract with a foreign trust that allows the U.S. person to act as the trust's authorized U.S. agent (see the instructions for Part I, *Lines 3a through 3g*, later) in applying sections 7602, 7603, and 7604 with respect to:

- Any request by the IRS to examine records or produce testimony related to the proper U.S. tax treatment of amounts distributed, or required to be taken into account under the grantor trust rules, with respect to a foreign trust; or

- Any summons by the IRS for such records or testimony.

A U.S. grantor, a U.S. beneficiary, or a domestic corporation controlled by the grantor or beneficiary may act as a U.S. agent. However, you may not treat the foreign trust as having a U.S. agent unless you enter the name, address, and taxpayer identification number of the U.S. agent on lines 3a through 3g of Part I of the form. See *Identification numbers*, later.

If the person identified as the U.S. agent does not produce records or testimony when requested or summoned by the IRS, the IRS may redetermine the amounts required to be taken into account with respect to the foreign trust by the U.S. owner. See section 6048(b)(2).

The agency relationship must be established by the time the U.S. person files Form 3520-A for the relevant tax year and must continue as long as the statute of limitations remains open for the relevant tax year. If the agent's responsibility as an agent of the trust is terminated for any reason (for example, agent's resignation, agent's liquidation, or agent's death), see section IV(B) of Notice 97-34.

U.S. Beneficiary

A U.S. beneficiary generally includes any person that could possibly benefit (directly or indirectly) from the trust (including an amended trust) at any time, whether or not the person is designated in the trust instrument as a beneficiary and whether or not the person can receive a distribution from the trust in the current year. In addition, a U.S. beneficiary includes:

- A foreign corporation that is a controlled foreign corporation (as defined in section 957(a)),
- A foreign partnership if a U.S. person is a partner of the partnership, and
- A foreign estate or trust if the estate or trust has a U.S. beneficiary.

Foreign trust treated as having a U.S. beneficiary. In general, a foreign trust will be treated as having a U.S. beneficiary unless the terms of the trust instrument specifically prohibit any distribution of income or corpus to a U.S. person at any time, even after the death of the U.S. transferor or any event terminating the trust, and the trust cannot be amended or revised to allow such a distribution. For these purposes, an amount will be treated as accumulated for the benefit of a U.S. person even if the U.S. person's interest in the trust is contingent on a future event and regardless of whether anything is actually distributed to a U.S. person during that tax year.

Special rule in case of discretion to identify beneficiaries. For purposes of the general rule above, if any person has the discretion of making a distribution from the trust to, or for the benefit, of any person, the trust will be treated as having a beneficiary who is a U.S. person, unless the terms of the trust specifically identify the class of persons to whom such distributions may be made, and none of those persons are U.S. persons during the tax year.

Certain agreements and understandings treated as terms of the trust. For purposes of the general rule above, if any U.S. person who directly or indirectly transfers property to the trust is directly or indirectly

involved in any agreement or understanding (whether written, oral, or otherwise) that may result in the income or corpus of the trust being paid or accumulated to or for the benefit of a U.S. person, such agreement or understanding will be treated as a term of the trust.

Certain loans or uncompensated use of trust property. If a foreign trust is not already treated as having a U.S. beneficiary under the rules described above, the trust will be treated as having a U.S. beneficiary if, after March 18, 2010, either:

- The foreign trust loans cash or marketable securities, directly or indirectly, to a U.S. person and the U.S. person does not repay the loan at a market rate of interest within a reasonable period of time; or
- A U.S. person uses property that is owned by the foreign trust and does not pay FMV of the use of such property within a reasonable period of time.

Presumption that foreign trust has U.S. beneficiary.

For transfers of property after March 18, 2010, if a U.S. person, directly or indirectly, transfers property to a foreign trust (other than a deferred compensation or charitable trust described in section 6048(a)(3)(B)(ii)), the IRS may treat such trust as having a U.S. beneficiary for purposes of applying section 679(d) to such transfer if the IRS requests information with respect to the transfer and the U.S. person fails to demonstrate to the satisfaction of the IRS that no portion of the income or corpus of the trust may ever be paid to or accumulated for the benefit of a U.S. person.

U.S. Person

A U.S. person is:

- A citizen or resident alien of the United States (see Pub. 519, U.S. Tax Guide for Aliens, for guidance on determining resident alien status),
- A domestic partnership,
- A domestic corporation,
- Any estate (other than a foreign estate, within the meaning of section 7701(a)(31)(A)), and
- Any domestic trust (defined earlier).

Specific Instructions

Period Covered

File the 2019 return for calendar year 2019 and fiscal years that begin in 2019 and end in 2020. For a fiscal year, fill in the tax year in the space at the top of the form.

Initial Return, Final Return, Amended Return

Initial return. If this is the foreign trust's first return, check the "Initial return" box.

Final return. If the foreign trust ceases to exist, check the "Final return" box.

Amended return. If this Form 3520-A is filed to amend a Form 3520-A that you previously filed, check the "Amended return" box.

Excepted Specified Foreign Financial Assets Reported

Check the box only if a U.S. person treated as the owner of any portion of the trust under the grantor trust rules also files Form 8938, Statement of Specified Foreign Financial Assets, for the tax year and includes this form in the total number of Forms 3520-A reported on line 2 of Part IV, Excepted Specified Foreign Financial Assets, of Form 8938. For more information, see the Instructions for Form 8938, generally, and in particular, *Duplicate Reporting* and the specific instructions for Part IV.

Part I—General Information

Identification numbers. Use social security numbers or individual taxpayer identification numbers to identify individuals. Use employer identification numbers (EINs) to identify estates, trusts, partnerships, and corporations.



Do not enter a preparer tax identification number (PTIN) in any entry space on Form 3520-A other than the entry space for "PTIN" at the bottom of page 1 of the form.

Address. Include the room, suite, or other unit number after the street address. If the post office does not deliver mail to the street address and the U.S. person has a P.O. box, show the box number instead.

Foreign address. Do not abbreviate the country name.

Line 1b(1). Do not enter a social security number (SSN) or individual taxpayer identification number (ITIN) in line 1b(1). Only EINs should be used to identify the foreign trust. If you do not have an EIN for the foreign trust, see Form SS-4, Application for Employer Identification Number, and its instructions.

Line 1b(2). A reference ID number is required on line 1b(2) only in cases where no EIN was entered for the foreign trust on line 1b(1). However, filers are permitted to enter both an EIN on line 1b(1) and a reference ID number on line 1b(2). If applicable, enter the reference ID number (defined below) you have assigned to the foreign trust.

A "reference ID number" for Form 3520-A purposes is a number established with respect to the foreign trust by or on behalf of the U.S. owner of the foreign trust for which Form 3520-A reporting is required. This number is used to uniquely identify the foreign trust treated as owned by a U.S. person in order to keep track of the trust from tax year to tax year. The reference ID number must meet the requirements set forth below.

Note. Because reference ID numbers are established by or on behalf of the U.S. owner of the foreign trust filing Form 3520-A, there is no need to apply to the IRS to request a reference ID number or for permission to use these numbers.

Note. When a reference ID number is established with respect to a foreign trust on a Form 3520-A, then the U.S. owner(s) of the foreign trust should also use that same reference ID number with respect to such foreign trust on Form 3520. In general, the reference ID number assigned to a foreign trust on Form 3520-A has relevance only on

Form 3520-A and Form 3520 (and on any other form that is attached to or associated with Form 3520-A) and should not be used with respect to the foreign trust on other IRS forms.

Requirements. The reference ID number must be alphanumeric (defined below) and no special characters or spaces are permitted. The length of a given reference ID number is limited to 50 characters.

For these purposes, the term “alphanumeric” means the entry can be alphabetical, numeric, or any combination of the two.

The same reference ID number must be used consistently from tax year to tax year with respect to the foreign trust. If for any reason a reference ID number falls out of use (for example, the foreign trust is terminated and no longer exists), the reference ID number used for that foreign trust cannot be used again for another foreign trust for purposes of Form 3520-A reporting.

There are some situations that warrant correlation of a new reference ID number with a previous reference ID number when assigning a new reference ID number to a foreign trust. See the following examples.

- In the case of a trust that has received assets from another trust, a Form 3520-A filer must use a reference ID number for the receiving trust which correlates the previous reference ID number for the distributed trust with the new reference ID number assigned to the receiving foreign trust.
- You must correlate the reference ID numbers as follows: New reference ID number, Old reference ID number. If there is more than one old reference ID number, you must enter a space between each number. As indicated above, the length of a given reference ID number is limited to 50 characters and each number must be alphanumeric and no special characters are permitted.

Note. This correlation requirement applies only to the first year the new reference ID number is used.

Line 2. If the trust did not appoint a U.S. agent, attach the following documents to Form 3520-A.

- A summary of the terms of the trust that includes a summary of any oral agreements or understandings you have with the trustee, whether or not legally enforceable.
- A copy of all trust documents (and any revisions), including the trust instrument, any memoranda of wishes prepared by the trustees summarizing the settlor's wishes, any letter of wishes prepared by the settlor summarizing his or her wishes, and any similar documents.

Note. If these documents have been attached to a Form 3520-A filed within the previous 3 years, attach only relevant updates.

Lines 3a through 3g. If a foreign trust with a U.S. owner does not have a U.S. agent, the IRS may determine the amounts required to be taken into account with respect to the foreign trust by the U.S. owner. See section 6048(b) (2). In order to avoid this, a U.S. owner of a foreign trust should ensure that the foreign trust appoints a U.S. person to act as the foreign trust's limited agent for purposes of applying sections 7602, 7603, and 7604 with respect to a request by the IRS to examine records or produce testimony, or a summons by the IRS for such

records or testimony. Any U.S. citizen, resident alien, or domestic corporation (including a U.S. grantor or U.S. beneficiary of a foreign trust) may act as the U.S. agent of the trust.

In order to authorize a U.S. person to act as an agent under section 6048(b), the trust and the agent must enter into a binding agreement substantially in the format that follows. Attach a copy of the authorization to Form 3520-A.

AUTHORIZATION OF AGENT

[Name of foreign trust] hereby expressly authorizes [name of U.S. agent] to act as its agent solely for purposes of sections 7602, 7603, and 7604 of the Internal Revenue Code with respect to any request to examine records or produce testimony related to the proper treatment of amounts required to be taken into account under the rules of section 6048(b)(1)(A) or to any summons for such records or testimony. I certify that I have the authority to execute this authorization of agent to act on behalf of [name of foreign trust].

Signature of trustee (or other authorized person) (title) (date)

Your Name (type or print)

Identification Number (if any)

Address

[Name of agent] accepts this appointment to act as agent for [name of foreign trust] for the above purpose. I certify that I have the authority to execute this authorization of agent to act on behalf of [name of foreign trust] and agree to accept service of process for the above purposes.

Signature of agent (title) (date)

Your Name (type or print)

Identification Number (if any)

Address



Do not enter a PTIN on the authorization form.

Line 5. Attach a statement that provides the following information concerning the transfer.

1. Name, U.S. taxpayer identification number (if any), and country of organization or residence of the person to whom the property was transferred.

2. A general description of the transfer, and any broader transaction of which it forms a part, including a chronology of the transfers involved and an identification of the other parties to the transaction to the extent known.

3. A description of the property transferred, including the estimated FMV and the adjusted basis of the property.

4. A description of the consideration received by the trust, including its estimated FMV, and for stock or securities, the class or type, amount, and characteristics of the interest received. If no consideration was received by the trust, indicate whether the trust or a U.S. owner exercises any powers over the entity to which the property

was transferred (including a description of such powers), and identify the name, U.S. taxpayer identification number (if any), and country of organization or residence of all beneficial owners of such entity.

5. To the extent known, a description of any subsequent transfer of the property, including the name, U.S. taxpayer identification number (if any), and country of organization or residence of the person to whom the property was subsequently transferred.

The statement must also contain a description of the trust ownership structure setting forth the name, U.S. taxpayer identification number (if any), and country of organization of all entities in which the trust has an ownership interest, including an ownership chart showing the trust's position in the chain of ownership and the percentages of ownership.

Note. The term "person" includes an individual or an entity, whether U.S. or foreign. See the definition of U.S. person earlier. A foreign person is an individual or entity that is not a U.S. person.

Line 6. Enter the number of Foreign Grantor Trust Owner Statements (pages 3 and 4) included with this Form 3520-A.

Part II—Foreign Trust Income Statement

Include all income from U.S. and non-U.S. sources. This financial statement must reasonably reflect the trust's income under U.S. income tax principles.

Income

Line 1. Interest. Report all taxable interest income that was received during the tax year. Examples of taxable interest include, but are not limited to, interest from the following.

- Accounts (including certificates of deposit and money market accounts) with banks, credit unions, and thrift institutions.
- Notes, loans, and mortgages.
- U.S. Treasury bills, notes, and bonds.
- U.S. savings bonds.
- Original issue discount.
- Income received as a regular interest holder of a real estate mortgage investment conduit (REMIC).

For taxable bonds acquired after 1987, amortizable bond premium is treated as an offset to the interest income instead of as a separate interest deduction. See Pub. 550, Investment Income and Expenses.

Line 2. Dividends. Report all ordinary dividends received during the tax year.

Note. Report capital gain distributions on line 5.

Line 4. Income (loss) from partnerships, fiduciaries, etc. Enter the trust's share of income or (losses) from partnerships, S corporations, estates, other trusts, and REMICs.

If the trust received a Schedule K-1 from a partnership, S corporation, or other flow-through entity, use the

corresponding lines on Form 3520-A to report the interest, dividends, capital gains, etc., from the flow-through entity.

Line 5. Capital gains (losses). For capital gains or (losses) attributable to a U.S. owner, use Schedule D (corporate or individual, whichever applies) and Form 8949, Sales and Other Dispositions of Capital Assets, if applicable.

Line 6. Ordinary gains (losses). Enter the ordinary gain or (loss) from the sale or exchange of property other than capital assets and also from involuntary conversions (other than casualty or theft).

Line 7. Other income. Enter other items of income not included on lines 1 through 6. List the types and amounts on an attached statement if the trust has more than one item.

Items to be reported on line 7 include any part of a total distribution shown on Form 1099-R, Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc., that is treated as ordinary income. For more information, see the Instructions for Form 4972, Tax on Lump-Sum Distributions.

Expenses

Line 9. Interest expense. Enter the amount of interest (subject to limitations) paid or incurred by the trust on amounts borrowed by the trust, or on debt acquired by the trust, that is not reported elsewhere in Part II.

If the proceeds of a loan were used for more than one purpose (for example, to purchase a portfolio investment and to acquire an interest in a passive activity), the fiduciary must make an interest allocation according to the rules in Temporary Regulations section 1.163-8T.

Do not include interest paid on indebtedness incurred or continued to purchase or carry obligations on which the interest is wholly exempt from income tax.

Line 10a. Foreign taxes. A foreign tax includes only a tax imposed by the authority of a foreign country.

Line 10b. State and local taxes. Enter any deductible state and local income or real property taxes paid or incurred during the tax year that are not reported elsewhere in Part II.

Do **not** deduct on line 10b or on any other line of Part II:

- Federal income taxes;
 - Estate, inheritance, legacy, succession, and gift taxes;
- or
- Federal duties and excise taxes.

Line 11. Amortization and depreciation (depletion). A reasonable amount is allowed as a depreciation deduction for the exhaustion, wear, and tear of:

- Property used in a trade or business, or
- Property held for the production of income.

Line 12. Trustee and advisor fees. Enter the deductible fees paid or incurred to the fiduciary for administering the trust during the tax year.

Line 13. Charitable contributions. Generally, any part of the income reported on line 8 that is paid (or treated as paid) during the tax year for a charitable purpose specified in section 170(c) is allowed as a deduction. It is not

necessary that the charitable organization be created or organized in the United States.

Line 14. Other expenses. Enter other items of expense not listed on lines 9 through 13. List the type and amount on an attached statement if the trust has more than one item.

Lines 17b and 17c. Distributions to U.S. owners and beneficiaries. Separately list the total amount of distributions (including the uncompensated use of trust property) to each U.S. owner and beneficiary. List the full name, identification number, date of distribution, and FMV on the date of distribution (dollar amount) for each U.S. owner and beneficiary receiving a distribution. If more space is needed, attach a statement.

Prepare a separate **Foreign Grantor Trust Owner Statement** (see below) or **Foreign Grantor Trust Beneficiary Statement** (see below) for each U.S. owner or for each U.S. beneficiary who receives a distribution from the trust.

Part III—Foreign Trust Balance Sheet

List all assets and liabilities of the trust, including those assets and liabilities attributable to the portion(s) of the trust (if any) not treated as owned by a U.S. person.

The balance sheet should reflect FMV. Include certificates of deposit as cash on line 1.

Line 18. Accumulated trust income. Include the total amount of trust income accumulated and not distributed.

Foreign Grantor Trust Owner Statement

A copy of this statement (pages 3 and 4 of Form 3520-A) must be (a) furnished to **each** U.S. person who is treated as an owner of the foreign trust under the grantor trust rules, and (b) included with this Form 3520-A. The statement must be furnished to each U.S. owner no later than the 15th day of the 3rd month following the end of the trust's tax year, or later if an extension of time to file is granted. See [When and Where To File](#), earlier.

Identification numbers and addresses. See the instructions for Part I, earlier, for information on entering identification numbers and addresses.

Line 8. Trust documents. If the trust did not appoint a U.S. agent, list the documents attached to the current year Form 3520-A and those attached to a Form 3520-A filed within the last 3 years. Specify the years the documents were attached. See the instructions for line 2 under, Part I, earlier, for a list of documents the trust is required to attach to Form 3520-A.

Statement of Foreign Trust Income Attributable to U.S. Owner

The amounts on the statement must include the portion of income reported by the foreign trust deemed attributable to the U.S. owner.

The foreign trust may need to furnish to the U.S. owner additional information, including applicable statements, to ensure that the owner accurately reports income and expenses on the owner's U.S. income tax return.

Foreign Grantor Trust Beneficiary Statement

A copy of this statement (page 5 of Form 3520-A) must be (a) furnished to each U.S. beneficiary who receives a distribution, directly or indirectly, from the foreign trust during the tax year; and (b) included with this Form 3520-A. See the definitions for "U.S. beneficiary" and "distribution" provided earlier in these instructions.

Exception. Do not complete this statement for a U.S. person for any portion of the trust of which that U.S. person is treated as the owner; instead, complete the Foreign Grantor Trust Owner Statement for that U.S. person (as described above).

The statement must be furnished to the U.S. beneficiary no later than the 15th day of the 3rd month following the end of the trust's tax year, or later if an extension of time to file is granted. See [When and Where To File](#), earlier.

Identification numbers and addresses. See the instructions for Part I, earlier, for information on entering identification numbers and addresses.

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 for as long as their contents may become material in the administration of any Internal Revenue law.

The time needed to complete and file the form will vary depending on individual circumstances. The estimated average time is:

Recordkeeping	37 hr., 18 min.
Learning about the law or the form	2 hr., 40 min.
Preparing and sending the form to the IRS	3 hr., 24 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 send us comments from [IRS.gov/FormComments](https://www.irs.gov/FormComments). Or you can send your comments to: Internal Revenue Service, Tax Forms and Publications Division, 1111 Constitution Ave. NW, IR-6526, Washington, DC 20224. Do not send the form to this office. Instead, see [When and Where To File](#), earlier.