

# Instructions for Form 8993



(Rev. December 2025)

## Section 250 Deduction for Foreign-Derived Intangible Income (FDII) and Global Intangible Low-Taxed Income (GILTI)

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

### Future Developments

For the latest information about developments related to Form 8993 and its instructions, such as legislation enacted after they were published, go to [IRS.gov/Form8993](https://www.irs.gov/Form8993).

### What's New

Public Law 119-21, commonly known as the One Big Beautiful Bill Act, amended section 250 in part by adding to the list of gross income items that are excluded in determining Deduction Eligible Income (DEI). The added exclusion relates to income and gain from the sale or other disposition of intangible property (as defined in section 367(d)(4)), and any other property of a type that is subject to depreciation, amortization, or depletion by the seller. These amendments apply to sales or other dispositions occurring after June 16, 2025.

### Important Reminders

**Final section 250 regulations.** Changes were previously made throughout these instructions based on the final section 250 regulations (T.D. 9901, 85 FR 43042, July 15, 2020).

**Domestic corporation's deduction.** For tax years beginning on or after January 1, 2018, and before January 1, 2026, section 250 generally allows a deduction equal to the sum of 37.5% of the corporation's FDII plus 50% of its GILTI (thereafter, these deductions are reduced to 33.34% and 40%, respectively).

**Deduction limitation.** If the sum of FDII and GILTI exceeds taxable income, the deduction under section 250 is limited to taxable income.

**Continuous use revision.** Use these instructions for tax year 2025 and subsequent years until a superseding revision is issued.

## General Instructions

### Purpose of Form

Public Law 115-97 (Tax Cuts and Jobs Act of 2017) enacted section 250 for the allowance of a deduction for the eligible percentage of FDII and GILTI.

See Form 8992, U.S. Shareholder Calculation of Global Intangible Low-Taxed Income (GILTI), and its instructions for more information on GILTI.

Use Form 8993 to figure the amount of the eligible deduction for FDII and GILTI under section 250.

### Who Must File

All domestic corporations (and U.S. individual shareholders of controlled foreign corporations (CFCs) making a section 962 election (962 electing individual)) must use Form 8993 to determine the allowable deduction under section 250.

The deduction is allowed only to domestic corporations (not including real estate investment trusts (REITs), regulated investment companies (RICs), and S corporations) and section 962 electing individuals. For the treatment of a domestic corporation that is a partner in a partnership, see Regulations sections 1.250(b)-1(e) and 1.250(b)-3(e).

### When and Where To File

Attach Form 8993 to your income tax return and file both by the due date (including extensions) for that return.

### Definitions and Overview

#### Steps for Computing the Deduction Under Section 250

1. Deduction Eligible Income (DEI) is determined.
2. Deemed Tangible Income Return (DTIR) is determined.
3. Deemed Intangible Income (DII) is determined.
4. Foreign-Derived Deduction Eligible Income (FDDEI) is determined.
5. Foreign-Derived Ratio (FDR) is determined.
6. FDII is determined.
7. If there is excess FDII and GILTI over taxable income, the FDII reduction and the GILTI reduction are determined.
8. The eligible deduction under section 250 is determined.

#### FDDEI

FDDEI means, with respect to a taxpayer for its tax year, any deduction eligible income of the taxpayer that is derived in connection with:

1. Property that is sold by the taxpayer to any person who is a foreign person and that the taxpayer establishes to the satisfaction of the Secretary is for a foreign use (see Regulations section 1.250(b)-4); or
2. Services provided by the taxpayer that the taxpayer establishes to the satisfaction of the Secretary are provided to any person, or with respect to property, located outside the United States (see Regulations section 1.250(b)-5).

Special rules for determining foreign use apply to transactions that involve property or services provided to related parties (see section 250(b)(5)(C) and Regulations section 1.250(b)-6).

## Sale

The terms “sold,” “sells,” and “sale” include any lease, license, exchange, or other disposition of property.

For purposes of the exclusions described in items 7 and 8 of the instructions for Part I, line 2, later, sale or other disposition does not include any lease or license.

## Foreign Use

“Foreign use” is defined to mean “any use, consumption, or disposition which is not within the United States.” See Regulations section 1.250(b)-4(d). For the latest guidance about foreign use, go to [IRS.gov/Form8993](https://www.irs.gov/Form8993).

## Qualified Business Asset Investment (QBAI)

A domestic corporation's QBAI is the average of the aggregate of its adjusted bases, determined as of the close of each quarter of the tax year, in specified tangible property used in its trade or business and of a type with respect to which a deduction is allowable under section 167. See Regulations section 1.250(b)-2.

## Information From Partnership

A domestic corporate partner of a partnership takes into account its distributive share of a partnership's gross DEI, gross FDDEI, deductions, and its share of partnership QBAI, in order to calculate the partner's FDII. See Regulations section 1.250(b)-1(e)(1). The above partnership information should have been reported to the partners on Schedule K-3 (Form 1065).

For partners in a partnership, attach a statement to Form 8993 listing each partnership's name; employer identification number (EIN); the partner's share of the partnership's QBAI reported on line 7b; and other FDDEI items reported on lines 9b, 10b, 13, and 17.

## Documentation

For special substantiation requirements under the Regulations, see sections 1.250(b)-3(f), 1.250(b)-4(d)(3), and 1.250(b)-5(e)(4).

## Section 250 Deduction Limitation

If the sum of FDII and GILTI exceeds taxable income, the deduction under section 250 is subject to limitation. See the instructions for lines 26 and 27, later, for additional information.

## Corrections to Form 8993

If you file a Form 8993 that you later determine is incomplete or incorrect, file a corrected Form 8993 with an amended tax return, using the amended return instructions for the return with which you originally filed Form 8993. Enter “Corrected” at the top of the corrected Form 8993.

## Computer-Generated Form 8993

Generally, all computer-generated forms must receive prior approval from the IRS and are subject to an annual

review. Requests for approval may be submitted electronically to [substituteforms@irs.gov](mailto:substituteforms@irs.gov), or requests may be mailed to: Internal Revenue Service, Attention: Substitute Forms Program, C:DC:TS:CAR:MP:P:TP:TP, ATSC, 4800 Buford Highway, Mail Stop: 061-N, Chamblee, GA 30341.

# Specific Instructions

## Part I. Determining DEI and DII

DEI means, with respect to any domestic corporation, the excess (if any) of the gross income of the corporation, less exclusions, over deductions (including taxes) properly allocable to such gross income.

### Line 1. Gross Income

For purposes of this form, gross income includes all income from whatever source derived. Enter the amount from Form 1120, line 11.

### Line 2. Exclusions

Exclude the following items to the extent included on line 1.

1. Any amount included in the gross income of such corporation under section 951(a)(1). Include the section 78 gross-up with respect to the inclusion under section 951(a)(1).
2. Any amount included in the gross income of such corporation under section 951A. Section 951A defines GILTI. Include the section 78 gross-up with respect to the inclusion under section 951A.
3. Any financial services income (as defined under section 904(d)(2)(D)) of such corporation.
4. Any dividend received from a CFC with respect to which the corporation is a U.S. shareholder, as defined under section 951(b).
5. Any domestic oil and gas extraction income. The term “domestic oil and gas extraction income” means income described in section 907(c)(1), determined by substituting “within the United States” for “without the United States.”
6. Any foreign branch income (as defined in section 904(d)(2)(J)).
7. Any income and gain from the sale or other disposition (including pursuant to the deemed sale or other deemed disposition or a transaction subject to section 367(d)) of intangible property (as defined in section 367(d)(4)) occurring after June 16, 2025.
8. Any income and gain from the sale or other disposition (including pursuant to the deemed sale or other deemed disposition or a transaction subject to section 367(d)) of any other property of a type that is subject to depreciation, amortization, or depletion by the seller, occurring after June 16, 2025.

**Note:** For purposes of the exclusions described in items 7 and 8, above, sale or other disposition does not include any lease or license.

## Line 5. Deductions Properly Allocable to the Amount on Line 4

Allocable deductions include all deductions (including taxes) properly allocable to gross DEI on line 4. See Regulations section 1.250(b)-1(d)(2) for more details. Deductions properly allocable to gross DEI are determined without regard to sections 163(j), 170(b)(2), 172, 246(b), and 250.

Include the partner's share of the partnership's deductions properly allocable to the amount on line 4. Do not duplicate expenses already included on line 1.

## Line 6. DEI

Subtract line 5 from line 4. If the result is zero or negative, enter zero on line 6. Your FDII deduction under section 250 is zero. Enter zero on lines 21 and 28.

## Line 7. Deemed Tangible Income Return (10% of QBAI)

The DTIR with respect to a domestic corporation is the corporation's QBAI for the year multiplied by 10%. In addition, for purposes of determining a domestic corporate partner's DTIR, a domestic corporation's QBAI is increased by its share of the partnership's adjusted basis in partnership specified tangible property. See Regulations section 1.250(b)-2(g).

First, compute QBAI (defined earlier). See Regulations section 1.250(b)-2. "Specified tangible property" means any tangible property used in the production of the gross income included in DEI. If such property was used in the production of DEI and income that is not DEI (such as dual-use property), the property is treated as specified tangible property in the same proportion that the amount of the gross income included in DEI produced with respect to the property bears to the total amount of gross income produced with respect to the property. If specified tangible property is only partially depreciable, then only the depreciable portion is QBAI. The adjusted basis is determined by using the alternative depreciation system under section 168(g) and allocating depreciation deductions with respect to such property ratably to each day during the period in the tax year to which such depreciation relates. Then, multiply QBAI by 10% (0.10) and enter this result on Form 8993, line 7a. Multiply a partner's share of the partnership's QBAI by 10% (0.10) and enter this result on Form 8993, line 7b.

## Line 8. DII

DII is the excess (if any) of the corporation's DEI over its DTIR. If the result is zero or negative, enter zero on line 8. Your FDII deduction under section 250 is zero. Enter zero on lines 21 and 28.

## Part II. Determining FDDEI

Each place where general property is listed refers to amounts connected to the sale, lease, exchange, or other disposition of general property to a foreign person and, as established to the satisfaction of the Secretary, is for a foreign use as defined in Regulations sections 1.250(b)-3 and 1.250(b)-4(d)(1) and (2). The term "general property" means any property other than intangible property; a security (as defined in section 475(c)(2)); an interest in a

partnership, trust, or estate; or a commodity described in section 475(e)(2)(A) that is not a physical commodity or a commodity described in section 475(e)(2)(B) through (D).

Each place where intangible property is listed refers to amounts connected to the sale, license, exchange, or other disposition of intangible property to a foreign person and, as established to the satisfaction of the Secretary, is for a foreign use as defined in Regulations sections 1.250(b)-3 and 1.250(b)-4(d)(2).

Each place where services are listed refers to amounts connected to services that, as established to the satisfaction of the Secretary, are provided to any person, or with respect to property, located outside the United States as defined in Regulations section 1.250(b)-5.

If a transaction includes both a sales component and a service component, the transaction is classified as either a sale or as a service according to the overall predominant character of the transaction. See Regulations section 1.250(b)-3(d).

For purposes of determining a domestic corporation's deductions that are properly allocable to gross FDDEI, the corporation's deductions are allocated and apportioned to gross FDDEI under the rules of sections 1.861-8 through 1.861-14T and 1.861-17 by treating section 250(b) as an operative section described in section 1.861-8(f). See Regulations section 1.250(b)-1(d)(2).

The partnership should determine and report the partner's share of each item necessary to compute FDII in accordance with the partner's distributive share of the underlying item of income, gain, deduction, and loss of the partnership.

## Line 9a. Gross Receipts

"Foreign-derived gross receipts" means gross receipts that are used to compute gross FDDEI as defined in Regulations section 1.250(b)-1.

### Column A. General Property

Enter the amount of foreign-derived gross receipts from all sales of general property.

### Column B. Intangible Property

Enter the amount of foreign-derived gross receipts from all sales of intangible property.

### Column C. Services

Enter the amount of foreign-derived gross receipts from all services.

**Note:** Do not include any amounts provided in items 7 and 8 for Part I, line 2. See page 2 of these instructions.

## Line 9b. Gross Receipts From Partnerships

Enter the amount, if any, of the partner's share of the partnership's foreign-derived gross receipts.

### Column A. General Property

Enter the amount, if any, of the partner's share of the partnership's foreign-derived gross receipts from all sales of general property.



**Column B. Intangible Property**

Enter the amount, if any, of the partner's share of the partnership's foreign-derived gross receipts from all sales of intangible property.

**Column C. Services**

Enter the amount, if any, of the partner's share of the partnership's foreign-derived gross receipts from all services.

**Line 10a. Cost of Goods Sold**

Enter the amount of cost of goods sold attributable to the amount(s) on line 9a.

For purposes of this form, when figuring FDDEI, cost of goods sold includes the:

1. Cost of goods sold to customers, and
2. Adjusted basis of non-inventory property sold or otherwise disposed of in the trade or business.

In making that determination, attribute costs of goods sold to gross receipts using a reasonable method in accordance with Regulations section 1.250(b)-1(d)(1).

Cost of goods sold must be attributed to gross receipts with respect to gross DEI or gross FDDEI regardless of whether certain costs included in cost of goods sold can be associated with activities undertaken in an earlier tax year (including a year before the effective date of section 250).

**Line 10b. Cost of Goods Sold From Partnerships**

Enter the amount, if any, of the partner's share of the partnership's cost of goods sold attributable to the amount on line 9b.

**Line 12. Allocable Deductions**

Enter the amount of the deductions that are allocated and apportioned to gross FDDEI on line 11. See Regulations section 1.250(b)-1(d)(2) for more details. Report interest and research and experimental (R&E) deductions on lines 14 and 15, respectively. Deductions are determined without regard to sections 163(j), 170(b)(2), 172, 246(b), and 250.

**Column A. General Property**

Enter the amount of the deductions that are allocated and apportioned to gross FDDEI from all sales of general property.

**Column B. Intangible Property**

Enter the amount of the deductions that are allocated and apportioned to gross FDDEI from all sales of intangible property.

**Column C. Services**

Enter the amount of the deductions that are allocated and apportioned to gross FDDEI from all services.

**Line 13. Allocable Deductions From Partnerships**

Enter the amount, if any, of the partner's share of the partnership's deductions that are allocated and apportioned to gross FDDEI on line 11.

**Column A. General Property**

Enter the amount, if any, of the partner's share of the partnership's deductions that are allocated and apportioned to gross FDDEI from all sales of general property.

**Column B. Intangible Property**

Enter the amount, if any, of the partner's share of the partnership's deductions that are allocated and apportioned to gross FDDEI from all sales of intangible property.

**Column C. Services**

Enter the amount, if any, of the partner's share of the partnership's deductions that are allocated and apportioned to gross FDDEI from all services.

**Line 14. Interest Deductions**

The term "interest" refers to the gross amount of interest expense incurred by a taxpayer in a given year. For purposes of determining properly allocable interest deductions, the corporation's interest expense deduction is determined without regard to section 163(j), and includes any expense under section 163 (including original issue discount), and interest equivalents. See Regulations section 1.250(b)-1(d)(2)(ii). See Temporary Regulations section 1.861-9T(b) for the definition of interest equivalents and Regulations section 1.861-9T(c) for sections that disallow, suspend, or require the capitalization of interest deductions.

Interest deductions are apportioned to gross DEI and gross FDDEI based ordinarily on the tax book value of the taxpayer's assets. See Regulations section 1.250(b)-1(d)(2)(i). A taxpayer may elect to use the alternative tax book value method. See Regulations sections 1.861-9(g)(1)(ii) and 1.861-9(i). When reporting the asset that is the basis of stock in nonaffiliated 10%-owned corporations, adjust such amount for earnings and profits. See Regulations section 1.861-12(c)(2)(i)(A). See Regulations sections 1.861-10 and 1.861-10T for exceptions to the general rule of fungibility (such as qualified nonrecourse indebtedness, integrated financial transactions, and excess related party indebtedness).

The total interest deductions for the members of the corporation's affiliated group are allocated and apportioned to the statutory and residual groupings under proposed, final, and Temporary Regulations sections 1.861-8 through 1.861-14.

The amount reported on this line should include interest paid or accrued by the taxpayer and the taxpayer's share of interest expense incurred by a partnership. With respect to corporate partners with an interest in the partnership of 10% or more, interest expense, including the partner's distributive share of partnership interest expense, is apportioned by reference to the partner's assets, including the partner's pro rata share of

partnership assets. See Regulations section 1.861-9(e)(2). A corporate partner with a less-than-10% interest in a partnership shall directly allocate its distributive share of the partnership's interest expense to its distributive share of partnership gross income and be apportioned in accordance with the partner's relative distributive share of gross FDDEI. See Regulations section 1.861-9(e)(4). The above partnership information should have been reported to the partners on Schedule K-3 (Form 1065).

### Line 15. Research and Experimental Deductions

R&E expenses deducted under section 174 are definitely related to gross intangible income reasonably connected with relevant broad product categories of the taxpayer and are allocable to all items of gross intangible income as a class related to such product categories. Gross intangible income is all gross income attributable to intangible property including sales, services, and royalties (including section 367(d) inclusions), but does not include dividends or other inclusions with respect to stock such as sections 951, 951A, and 1293. See Regulations section 1.861-17(b)(2). The product categories are generally determined by reference to the three-digit Standard Industrial Classification (SIC) code. See Regulations section 1.861-17(b)(3). R&E expenses are apportioned in the same proportions that the amounts of the taxpayer's gross receipts (including those of certain controlled and uncontrolled parties) from certain sales, leases, licenses, and services that are related to gross intangible income in the statutory or residual grouping bear to the total amount of gross receipts in the class. See Regulations section 1.861-17(d). The exclusive apportionment rule in Regulations section 1.861-17(c) does not apply for purposes of apportioning R&E to determine the deduction for FDII.

The amount reported on this line should include R&E deductions of the taxpayer and the taxpayer's share of R&E deductions incurred by a partnership. This requires that the partnership report to its partners the gross receipts related to certain income within the statutory and residual groupings within a SIC code and the partner's distributive share of the partnership's R&E deductions, if any, connected with the SIC codes. See section 1.861-17(f). The above partnership information should have been reported to the partners on Schedule K-3 (Form 1065).

### Line 16. Other Apportioned Deductions

Enter all other apportioned deductions that relate to gross FDDEI that are not otherwise included on lines 12, 14, and 15. If a deduction does not bear a definite relationship to a class of gross income constituting less than all of gross income, it shall ordinarily be treated as definitely related and allocable to all of the taxpayer's gross income, including gross DEI and gross FDDEI, except where otherwise directed in the regulations.

### Line 17. Other Apportioned Deductions From Partnerships

Enter all other apportioned deductions that relate to gross FDDEI from partnerships that are not otherwise included on lines 13, 14, and 15.

## Part III. Determining FDII and/or GILTI Deduction

### Line 20. Foreign-Derived Ratio

FDR is determined by computing the ratio of FDDEI over DEI. See [Definitions and Overview](#), earlier, for the discussion of FDDEI. Divide the amount on line 19 by the amount on line 6. The resulting ratio must not exceed 1.

### Line 22. GILTI Inclusion

Enter the amount of GILTI reported on Form 8992, Part II, line 5. Attach Form 8992 to your income tax return.

### Line 24. Taxable Income

Enter the taxable income of the domestic corporation (determined without regard to section 250).

### Line 25. Excess FDII and GILTI Over Taxable Income

Subtract the taxable income amount reported on line 24 from the total FDII and GILTI on line 23.

If the result reported on line 25 is zero or negative, your taxable income is greater than the sum of FDII and GILTI, and your deduction under section 250 is not limited.

If the result reported on line 25 is a positive number, your taxable income is less than the sum of your FDII and GILTI, and your deduction under section 250 is limited to taxable income. Refer to the instructions for lines 26 and 27, later, to determine the amount by which you need to reduce FDII and GILTI.

### Line 26. FDII Reduction

The reduction in FDII for which a deduction is allowed equals such excess multiplied by a percentage equal to the corporation's FDII divided by the sum of its FDII and GILTI.

Use the Line 26 Worksheet to compute the FDII reduction.

#### Line 26 Worksheet

Line A	Enter the amount from line 25. If zero or less, enter -0- on line E of this worksheet and stop.	
Line B	Enter the amount from line 21.	
Line C	Enter the amount from line 23.	
Line D	Divide line B by line C.	
Line E	Multiply line A by line D. Enter this line E amount on Form 8993, line 26.	

### Line 27. GILTI Reduction

The reduction in GILTI is determined by the excess amount less the FDII reduction.

Use the Line 27 Worksheet to compute the FDII reduction.

## Line 27 Worksheet

Line F	Enter the amount from line 25. If zero or less, enter zero on line H of this worksheet and stop.	
Line G	Enter the amount from line E of the Line 26 Worksheet.	
Line H	Subtract line G from line F. Enter this line H amount on Form 8993, line 27.	

## Line 28. FDII Deduction

To figure the FDII deduction, subtract the amount from line 26 (FDII reduction), from the amount on line 21 (FDII).

Then, multiply the resulting amount by 37.5% (0.375) to obtain the FDII deduction and enter it on line 28.

## Line 29. GILTI Deduction

To figure the GILTI deduction, subtract the amount from line 27 (GILTI reduction), from the amount on line 22 (GILTI inclusion). Then, add any amount received by the corporation (or 962 electing individual) that is treated as a dividend under section 78 which is attributable to GILTI, from Form 1118, Schedule A, column 3(b). Lastly, multiply that amount by 50% (0.50).

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The time needed to complete and file this form will vary depending on individual circumstances. The estimated burden for business taxpayers filing this form is approved under OMB control number 1545-0123 and is included in the estimates shown in the instructions for their business income tax return.

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. See the instructions for the tax return with which this form is filed.

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